HOUSING AND REDEVELOPMENT AUTHORITY
Meeting Agenda

Wayzata City Hall Community Room, 600 Rice Street
Tuesday, April 21, 2020
7:30 AM

Pursuant to Minnesota Statute Sec. 13D.015 and because of the COVID19 Pandemic, this Housing & Redevelopment Authority Meeting is being held remotely by electronic means using the audio and video conferencing platform, Zoom. Members of the public may submit comments or questions about items on the agenda in advance by emailing PublicComment@wayzata.org, calling City staff at 952-404-5300, or mailing comments to Wayzata City Hall at 600 Rice St E, Wayzata, MN 55391 (Attn: Public Comments). To speak regarding a particular agenda item during the meeting, you may call 312-626-6799, enter Zoom Meeting ID 950 3217 0475, and press *9 to speak. You will be placed on hold and muted until you have been recognized and invited to speak.

1. **Call to Order**
2. **Pledge of Allegiance**
3. **Roll Call**
4. **Approval of Agenda**
5. **Approval of Minutes**
   a. Consider Approval of HRA Minutes of July 25, 2019 Meeting
6. **New Business**
   a. Election of Officers
   b. Discussion of Bylaws
   c. Appointment of Executive Director
   d. Consider Approval of Tax Increment Financing Agreement (TIF) with Melvin's 235 at 235 & 239 Lake Street East
   e. Consider Approval of Tax Increment Financing Agreement (TIF) with Lothenbach Properties VI, LLC at 401 Lake Street East
   f. Consider Adoption of Resolution 01-2020 Authorizing Execution of Tax Increment Pledge Agreement between the City and HRA for $3,710,000 General Obligation Tax Increment Financing Bonds (TIF) Bonds, Series 2020A
   g. Discussion of Business Assistance Options related to the COVID-19 Pandemic
   h. Development Updates
7. **Next Meeting Date: June 25, 2020**
8. **Adjournment**

City of Wayzata
Housing and Redevelopment Authority
Agenda Report

MEETING DATE: April 21, 2020	**AGENDA ITEM:** 5.a
TITLE: Consider Approval of HRA Minutes of July 25, 2019 Meeting	
PROPOSED MOTION: To Approve the Regular Meeting Minutes of the July 25, 2019 Meeting	
PREPARED BY: Kathy Leervig, City Clerk	
REVIEWED BY: Jeff Dahl, City Manager, Executive Director	

ACTION REQUESTED:
Staff recommends approval of the attached minutes.

FINANCIAL OR BUDGET CONSIDERATION:
N/A

BACKGROUND:
N/A

ATTACHMENTS:
1. July 25, 2019 HRA Meeting Minutes (Draft)

HRA members present: T. Shaver, B. Ambrose, S. Fox, S. Tyacke, and R. Wothe
HRA members absent and excused: None
City Staff present: City Manager Jeff Dahl, City Clerk Kathy Lerrvig, Assistant City Planner Nick Kieser, and City Attorney David Schelzel
Others present: Jay Lindgren, Dorsey & Whitney

Chairman Shaver called the meeting of the HRA to order at 7:30 am.

APPROVAL OF AGENDA

Fox motioned to approve the July 27, 2019, meeting agenda as presented, seconded by Ambrose. The motion passed 5/0 by voice vote.

APPROVAL OF MINUTES

a. Approval of HRA Minutes of March 5, 2019

Schelzel noted changes to page 3, line 33, and indicated the next meeting date of April 2019, but the meeting date is July 2019.

Dahl thought at that point, the next meeting was going to be April 2019 because it is the quarterly schedule, but that meeting was ultimately cancelled.

Wolthe motioned to approve the March 5, 2019, minutes as presented, seconded by Fox. The motion passed 5/0 by voice vote.

OLD BUSINESS

a. Consider Approval of Amendments to Tax Increment Financing Agreement (TIF) with Swans Corner, LLC at 305 thru 309 Lake Street East

Dahl presented the amended TIF agreement with Swans Corner, LLC.

Mr. Jay Lindgren, Attorney, Dorsey & Whitney discussed the revised agreement. He noted there were three changes to the agreement. The first change was on page 5, the amount was revised from $8,662,000 to $9,695,000. The second change was on page 7, the completion date was changed from December 31, 2020 to May 1, 2021 and the third change was on page 11.

Lindgren explained testing and proforma calculations to make sure it meets Statute.

Tyacke questioned the ten percent rather than nine percent, and if the cash on cash return rises to ten percent then by taking the fifty percent reduction, would it mean there would be a 9 ½ percent return from the reduction point.

Dahl indicated it becomes a little bit of a circular reference. He reviewed the increment and cash on cash return with the HRA.

Lindgren indicated it could yield a 9 ½ percent. The real point is that there is continued risk sharing and the amount that each party gets is reduced in half.

Tyacke asked if it would be retroactively applied.

Lindgren thought the intention was to have one look and it is based on a nine percent over the term of the note. The note amount would be reduced by the fifty percent over the term.

Tyacke asked if the change on completion date will delay the initial payment on the note or does that remain the same.

Lindgren stated the payments are made twice a year based on the property tax payment dates. He indicated he would have to review that but assumed the first payment would be in October 2021 and would delay the change.

Shaver noted the schedule of payments will shift because the date was extended and there would not be any less payments.

Tyacke asked if there would be a six-month delay in getting the first payment. Dahl indicated that was correct.

Shaver stated on page 1, there was one other nominal change in terms of the size of the building. He noted the square footage changed from the 28,362 to 30,900, which impacted value.

Tyacke, stated on page 18, the numbers do not add up.

Lindgren indicated he will confirm with Ehlers. Dahl stated he will confirm with Stacie at Ehlers.

Dahl clarified that the HRA did approve a previous agreement and it was never executed and is why this is more like a new agreement.

Tyacke made a motion, seconded by Wothe to approve the Amended TIF Agreement with Swans Corner, LLC. with the condition that staff confirm with the City's bond consultant on the numbers as they appear in Section 8.05 and make any changes that might be necessary. The motion passed 5/0 by voice vote.

NEW BUSINESS

a. Consider Receipt of 2018 HRA Financial Report

Dahl provided 2018 HRA Financial Report.

Tyacke asked on the Widsten tax increment debt service, the large negative balance, $1.2 million, if that means there are eligible costs that remain to be paid or why is that one such a large number in the negative.

Dahl explained that is an indication of the obligation of paying back the City for the general fund dollars that were allocated for the parking ramp and will be paid down within the three years that are left. Once that is paid down the District will be decertified.

Shaver made a motion, seconded by Ambrose to accept the 2019 HRA Financial Report after review. The motion passed 5/0 by voice vote.

b. Consider Appointment of Sub-Committee to Review HRA Bylaws

Dahl presented the report to the HRA.

The HRA discussed and agreed to appoint to a sub-committee: Tyacke, Fox, Dahl.

c. Review of Development Updates

Dahl presented the following development updates:

- Wayzata Boulevard
  Shaver asked if there was a completion date set for the Wayzata Blu project.

  Dahl stated the shell and exterior work should be done by the end of the summer.

- Meyer Place
  Shaver asked when the completion date would be for this project.

  Dahl stated this project is going slower but thought it would bleed into the winter. He was not sure of a set time for completion yet.

- Boatworks
  Dahl noted the concept plan was withdrawn before going to the City Council.

- Chase Bank
  Dahl indicated this was not an HRA project but was a redevelopment project and have pulled out due to some kind of State regulations.

- Dahl noted the Comprehensive Plan was submitted after an extensive approval and engagement process. The City is waiting to hear back from the Met Council for feedback.

- Dahl updated the HRA on the discussion about a Special Services District along Lake Street that could help pay for additional services not offered to the general taxpayer.

NEXT MEETING DATE: October 24, 2019

ADJOURNMENT

There being no further business; Wothe motioned to adjourn at 8:45 a.m., Fox seconded the motion and the motion carried 5/0.

Respectfully submitted,

Drafted by Sue Osbeck, *TimeSaver Off Site Secretarial, Inc.*

City of Wayzata
Housing and Redevelopment Authority
Agenda Report

MEETING DATE: April 21, 2020	**AGENDA ITEM:** 6.a
TITLE: Election of Officers	
PROPOSED MOTION: To Appoint a Chair, Vice Chair, and Secretary	
PREPARED BY: Jeff Dahl, City Manager, Executive Director	
REVIEWED BY: N/A	

ACTION REQUESTED:
A motion is needed to appoint the HRA officers for 2020, per HRA bylaws.

FINANCIAL OR BUDGET CONSIDERATION:
N/A

BACKGROUND:
Per HRA Bylaws, the HRA should appoint officers annually. 2019 Officers were Chair Shaver, Vice Chair Wothe, and Secretary Ambrose. Below are the descriptions of each officer position:

- **Chair**: The HRA shall select a Chair from among its Commissioners who shall preside at all meetings of the HRA.

- **Vice Chair**: The HRA shall select a Vice Chair from among its Commissioners who shall preside at all meetings of the HRA in the absence of the Chair and shall perform such other duties as may be assigned by the Commissioners.In the case of death, retirement, or resignation of the Chair, the Vice Chair shall perform and be vested with all the duties and powers of the Chair until such time that a new Chair is chosen by the Commissioners.

- **Secretary**: The HRA shall select a Secretary from among its Commissioners who shall be responsible for certification of official actions of the HRA.

ATTACHMENTS:
None

City of Wayzata
Housing and Redevelopment Authority
Agenda Report

MEETING DATE: April 21, 2020	**AGENDA ITEM:** 6.b
TITLE: Discussion of Bylaws	
PROPOSED MOTION: To Appoint a New HRA Committee to Review Bylaws	
PREPARED BY: Jeff Dahl, City Manager	
REVIEWED BY: N/A	

ACTION REQUESTED:
Staff recommends discussion of the attached bylaws and re-appointment of a subcommittee to propose any updates.

FINANCIAL OR BUDGET CONSIDERATION:
N/A

BACKGROUND:
Per HRA Bylaws, the HRA is to review its bylaws at its annual meeting. If the HRA recommends any amendments, the Executive Director will prepare a draft to be considered at the next meeting. The Bylaws original goals of the HRA are to:

- Set a standard for future development of Wayzata;
- Exploit the natural advantages of Lake Minnetonka;
- Preserve the distinctive atmosphere of Wayzata;
- Create a business climate that will enable local businesses to compete with the planned investment in nearby commercial centers;
- Attract businesses that will offer improved employment opportunities;
- Establish an improved quality in multiple housing facilities; and
- Maximize tax return.

At the July 25th, 2019 HRA Meeting, a subcommittee to examine the bylaws was appointed of Commissioners Tyacke, Fox, and Executive Director Dahl. Due to Commissioner Tyacke's resignation, the subcommittee never met.

ATTACHMENTS:
1. HRA Bylaws as of January 28, 2016

Revised 01/28/2016

BYLAWS
of the
HOUSING AND REDEVELOPMENT AUTHORITY
In and for the City of Wayzata, Minnesota

PREAMBLE

The Housing and Redevelopment Authority in and for the City of Wayzata (HRA) was created in accordance with State Law by:

A resolution passed by the City Council of Wayzata, Minnesota, on the 4th day of April, 1967, providing for a hearing to determine the need for a Housing and Redevelopment Authority to function in Wayzata, Minnesota;

A resolution passed by the City Council of Wayzata, Minnesota, on the 16th day of May, 1967, determining the need for a Housing and Redevelopment Authority in Wayzata, Minnesota; and

A resolution passed by the City Council of Wayzata, Minnesota, on the 1st day of August, 1967, approving the appointment of the Commissioners of the Housing and Redevelopment Authority of Wayzata, Minnesota.

The original goals for the HRA were:

1. Set a standard for future development of Wayzata;
2. Exploit the natural advantages of Lake Minnetonka;
3. Preserve the distinctive atmosphere of Wayzata;
4. Create a business climate that will enable local businesses to compete with the planned investment in nearby commercial centers;
5. Attract businesses that will offer improved employment opportunities;
6. Establish an improved quality in multiple housing facilities; and
7. Maximize tax return.

Additional goals were established when tax increment districts were created in the City of Wayzata, Minnesota.

ARTICLE I. **AUTHORITY**

Section A. Name. The legal name of the HRA is "Housing and Redevelopment Authority of the City of Wayzata".

Section B. Office. The offices of the HRA shall be at the City Hall in the City of Wayzata, Minnesota, but the HRA may hold its meetings at such place or places as it may designate.

ARTICLE II. **MEETINGS**

Section A. Date of Annual Meeting. The annual meeting shall be held in January of each year at the regular meeting place of the HRA unless scheduled by the Authority at an alternate date

Section B. Quorum. There shall be a quorum, as defined in Article IV, to conduct business at all meetings. If a quorum is not present for an annual meeting, the Chair shall establish a date for a new annual meeting. If a quorum is not present for a regular or special meeting, the Chair shall adjourn the meeting to the next regular or special meeting of the HRA.

Section C. Annual Meeting. The following, among any other appropriate matters, may be considered at the annual meeting:

1. Election of officers;
2. Determination of need for regular meetings to be held until the next annual meeting and if necessary determination of dates for regular meetings;
3. Discussion of bylaws and any suggested amendments;
4. Receipt of Financial Report; and
5. Appointment of Executive Director

Section D. Regular Meetings. If determined necessary by the HRA, regular meetings shall be held at a fixed place and at a time as determined by the HRA at its annual meeting. The time may be changed by the HRA at any subsequent meeting by a majority vote of all Commissioners and after notification of such change in the City's official newspaper. Agendas for regular meetings shall include at least the following order of business:

1. Call to Order;
2. Approval of Agenda;
3. Approval of Minutes;
4. Unfinished or Organizational Business;
5. New Business; and
6. Adjournment.

Section E. Special Meetings. Special meetings of the HRA may be called by the Chair, or any two members of the HRA, for any proper purpose of the HRA upon oral or written notice to each of the Commissioners and to the local newspapers at least 3 days prior to the date of the special meeting. A written notice shall set forth the time and place of the special meeting and be posted at City Hall at least 3 days prior to the date of the special meeting.

Section F. Public Meetings. All meetings shall be open to the public in accordance with the provisions of Minnesota Statutes.

ARTICLE III. **COMMISSIONERS, OFFICERS, ADMINISTRATOR, STAFF**

Section A. Commissioners. The HRA shall consist of five (5) Commissioners who shall be residents of the area of operation of the HRA. The Commissioners shall be appointed by the Wayzata City Council. Each Commissioner shall serve a term of five (5) years in accordance with Minnesota statute § 469.003.

Section B. Officers. The officers of the HRA shall consist of a Chair, a Vice Chair, a Secretary, and such other officers as shall from time to time be chosen and appointed by the HRA.

Section C. Chair. The HRA shall select a Chair from among its Commissioners who shall preside at all meetings of the HRA.

Section D.. Vice Chair. The HRA shall select a Vice Chair from among its Commissioners who shall preside at all meetings of the HRA in the absence of the Chair and shall perform such other duties as may be assigned by the Commissioners. In the case of death, retirement, or resignation of the Chair, the Vice Chair shall perform and be vested with all the duties and powers of the Chair until such time that a new Chair is chosen by the Commissioners.

Section E. Secretary. The HRA shall select a Secretary from among its Commissioners who shall be responsible for certification of official actions of the HRA.

Section F. Executive Director The HRA may appoint an Executive Director, who shall not be a Commissioner. The Executive Director shall be responsible for:

1. Securing, supervising and directing any personnel required for work to be accomplished by the HRA;

2. Providing for the taking of and preparing minutes of each meeting of the HRA;

3. Maintaining any appropriate files as deemed necessary by the Commissioners, including files of minutes, publication of meetings, and meeting agendas;

4. The general administration and financial management of the affairs of the HRA pursuant to policies determined by the Commissioners; and

5. Any other responsibilities assigned by the Chair or Commissioners.

Section G. Staff Services. If the HRA appoints the City Manager as the Executive Director and/or uses personnel under the control of the City Manager, a contract for staff services shall be entered into which clearly designates the services provided.

ARTICLE IV. **QUORUM AND VOTING**

Section A. Quorum. A quorum of the HRA shall be three Commissioners. A quorum shall be required to conduct business at any meeting of the HRA.

Section B. Voting. A vote of approval by a majority of those Commissioners present shall be required to take action on or approve any matter before the HRA, except that with respect to the following matters a vote of approval by three (3) or more Commissioners shall be required to act;

1. To request replacement of the Executive Director or cancellation of the contract with the City;

2. To amend the Bylaws;

3. To change the regular meeting time;

4. To borrow money; or

5. To approve a project.

ARTICLE V. **FINANCE AND CONTRACTS**

Section A. Fiscal Year. The Calendar year shall be the fiscal year of the HRA. However, other fiscal years for specific purposes or undertaking of the HRA may be established as required or desirable.

Section B. Budgets. The Executive Director shall prepare a budget for each project that is being considered by the HRA. If an annual operating budget is desired by the HRA, the HRA shall submit its request in accordance with the City's established budget approval process. City Council approval of project and operating budgets is required.

Section C. Investments of the HRA. The investments of the HRA funds shall be the responsibility of the Executive Director in accordance with the investment practices of the City.

Section D. Project and Procurement Manager. The responsibility for Project Management and Procurement for each approved HRA project shall be outlined in a Project Manager/Procurement Contract.

Section E. Disbursements.

1. Federal and State funds. All funds received from the Government of the United States or any of its agencies, and the state of Minnesota or any of its agencies, shall be disbursed and accounted for in accordance with the regulations or requirements from time to time made by the Federal or State agencies furnishing funds to the HRA.

2. Official Depository. All monies received by the HRA from any source whatsoever shall be deposited in bank accounts in accordance with the established practices of the City. All disbursements shall be in accordance with the established practices of the City.

3. Checks. All checks drawn on bank accounts of the HRA shall indicate the fund and, in the case of a project, the project to be charged. All checks shall be signed by the Executive Director.

ARTICLE VI. **POWERS AND DUTIES**

Section A. General Powers and Duties. The HRA shall have the powers and duties provided to the HRA by Minnesota Statutes.

ARTICLE VII. **AMENDMENTS**

These Bylaws may be amended at any meeting of the HRA provided that notice of such proposed amendment is mailed to each Commissioner of the HRA at least ten days prior to such meeting. The amendment of the Bylaws and the vote required shall be in accordance with Article IV, that sets forth the voting provisions of these Bylaws.

City of Wayzata
Housing and Redevelopment Authority
Agenda Report

MEETING DATE: April 21, 2020	**AGENDA ITEM:** 6.c
TITLE: Appointment of Executive Director	
PROPOSED MOTION: To Re-appoint Jeffrey Dahl as Executive Director	
PREPARED BY: Jeff Dahl, City Manager, Executive Director	
REVIEWED BY: N/A	

ACTION REQUESTED:
A motion is needed to re-appoint City Manager Jeffrey Dahl as the Executive Director of the HRA.

FINANCIAL OR BUDGET CONSIDERATION:
N/A

BACKGROUND:
Per HRA Bylaws, the HRA should annually appoint or reappoint the Executive Director. Below is the description of the Executive Director position. The City Manager has traditionally served this role.

The Executive Director, who shall not be a commissioner, shall be responsible for:

- Securing, supervising and directing any personnel required for work to be accomplished by the HRA;
- Providing for the taking of and preparing minutes of each meeting of the HRA;
- Maintaining any appropriate files as deemed necessary by the Commissioners, including files of minutes, publication of meetings, and meeting agendas;
- The general administration and financial management of the affairs of the HRA pursuant to policies determined by the Commissioners; and
- Any other responsibilities assigned by the Chair or Commissioners.

ATTACHMENTS:
None

City of Wayzata
Housing and Redevelopment Authority
Agenda Report

MEETING DATE: April 21, 2020	**AGENDA ITEM:** 6.d
TITLE: Consider Approval of Tax Increment Financing Agreement (TIF) with Melvin's 235 at 235 & 239 Lake Street East	
PROPOSED MOTION: To Approve the TIF Agreement with Melvin's and Authorize Staff to Implement the Terms of the Agreement	
PREPARED BY: Jeff Dahl, City Manager	
REVIEWED BY: N/A	

ACTION REQUESTED:
Staff recommends approval of the TIF Agreement.

FINANCIAL OR BUDGET CONSIDERATION:
Please see the attached memo from the City's Financial Advisor, Stacie Kvilvang at Ehlers and Associates that explains the general terms of the agreement. Ms. Kvilvang will be present at the meeting to go over the details.

BACKGROUND:
Since 2016, the City has been working with the HRA on a long-term redevelopment plan along Lake Street from Minnetonka Avenue to Ferndale Road with primary three goals:

- encourage redevelopment of the blighted properties with uses consistent with current zoning and comp plan;
- increase the amount of off-street public parking; and
- help pay for Lake Street-related infrastructure costs.

As a result, the HRA established TIF District #6 late in 2017 to help offset eligible costs of development such as parking, public infrastructure, site preparation, environmental mitigation, and soil stabilization. Over the past two years, the City has worked with Pat Hughes, property owner of 235 and 239 Lake Street East on a development plan that would incorporate a three-story boutique office building with one level of underground parking. In 2019, the City granted site plan entitlements for the project to move forward.

At the City's Council Meeting on April 21, 2020 in the evening, they will consider the final plat and a parking CUP for the previously approved site plan. Upon approval of the TIF Agreement, the property owner plans to commence construction this summer.

ATTACHMENTS:
1. Hughes HRA Memo On TIF Agreement Terms 4-21-20
2. Wayzata - TIF Redevelopment Agreement (Melvin's 235 LLC)-v5
3. TIF Run 3-31-20
4. Melvin's 235 Plans - 235-239 Lake Street East

Memo

To: Jeffrey Dahl – Executive Director

From: Stacie Kvilvang - Ehlers

Date: April 21, 2020

Subject: 235 and 239 Lake Street East – Hughes Redevelopment Project

Pat Hughes (the "Developer") is proposing to redevelop his existing property located at the above referenced addresses into approximately 35,930 sq/ft of office space (the "Project") and requested $1.914 million in TIF assistance.

We reviewed the Project based on general industry standards for construction, land, and project costs; lease rates and; developer profit. The tables below provide a synopsis of the sources and uses associated with the Project:

SOURCES	Amount	Pct.
Developer Financing - First Mortgage	11,115,000	68.84%
Developer Financing - TI Fnote	1,700,000	10.53%
Developer Equity	3,331,528	20.63%
TOTAL SOURCES	**16,146,528**	**100.00%**

USES	Land sq. ft.	Amount	% of Cost	Per Sq/Ft
ACQUISITION COSTS		**1,735,725**	**10.75%**	**48.31**
Land/Buildings	54,886	1,735,725	10.75%	48.31
CONSTRUCTION COSTS		**11,586,495**	**71.76%**	**322.47**
Building/Office		6,132,132	37.98%	170.67
Demolition		54,000	0.33%	1.50
Soil Correction		880,000	5.45%	24.49
Tenant Improvements		2,515,097	15.58%	70.00
Site Improvements		165,301	1.02%	4.60
Structural slab		164,600	1.02%	4.58
Fee in Lieu of Parking		730,000	4.52%	20.32
Additional Parking Garage Costs		150,000	0.93%	4.17
Utility Relocation		15,000	0.09%	0.42
Insurance		25,000	0.15%	0.70
Park Dedication		195,700	1.21%	5.45
Permits		25,000	0.15%	0.70
SAC/WAC/Met C SAC/UAC		46,892	0.29%	1.31
Contingency		487,773	4.39%	13.58
PROFESSIONAL SERVICES		**1,115,570**	**6.91%**	**31.05**
Architectural, Engineering & Professional Fees		279,850	1.73%	7.79
TIF Administration Professional		30,000	0.19%	0.83
Environmental		2,500	0.02%	0.07
FF&E		40,000	0.25%	1.11
Leasing Fees		538,950	3.34%	15.00
Legal - Development		40,000	0.25%	1.11
Marketing		20,000	0.12%	0.56
Site Inspection Testing		30,000	0.19%	0.83
Soils		28,000	0.17%	0.78
Survey		6,270	0.04%	0.17
Soft Cost Contingency		100,000	9.85%	2.78
FINANCING COSTS		**1,173,412**	**7.27%**	**32.66**
DEVELOPER FEE		**535,326**	**3.32%**	**14.90**
Developer Fee		535,326	3.32%	14.90
TOTAL USES		**16,146,528**		**449.39**

Overall, the information contained in the development proforma generally meets the expectations for this type of project. The Developer has approximately $1.979 million in extraordinary costs that are also considered qualified costs (demolition, soil correction/earthwork, structural slab, fee in lieu of parking and underground parking). Based upon our review of their submitted proforma, we recommend they receive $1,700,000 in TIF on a pay-as-you-go basis over a 24-year period (this is the principal amount generated over the remaining term of the District assuming a 5% present value/financing rate). Following are the main points within the above referenced Agreement:

1. **General**
    a. Redevelopment Agreement with Melvin's 235 LLC for the Hughes Office Project.

    b. Developer is required to pay any relocation costs or expenses required under federal law, if any, to current occupants and holds the HRA and City harmless from having to pay any of these costs.

    c. Developer has deposited $10,000 escrow with the City to pay for all legal and financial consultant work in conjunction with sizing of the TIF note and preparation of the TIF agreement. If $10,000 is not adequate, the developer is required to deposit additional funds until all costs are paid in full.

2. **Development and Timing of Construction**
    a. Construction of approximately 35,930 square foot office and related underground parking

    b. Anticipated project valuation when redeveloped will be at least $12,575,500

    c. Must commence construction by December 31, 2020 and be completed by July 1, 2022

3. **Development property**
    a. Developer represents that he is owner in fee simple of the property to be developed located at 235 and 239 East Lake Street.

    b. The Developer will record a Declaration of Restrictive Covenants that will be in place through the term of the TIF Note that states

        (1) the property will not exempt from property taxes and will not be sold or leased to a tax-exempt entity;

        (2) They will not discriminate on the basis of color, creed, national origin or sex in leasing, sale or use of the property; and

        (3) The property will be developed consistent with a redevelopment TIF district

    c. If the property has damage or is destructed, they have 120 days to commence repairs or reconstruction and those have to be substantially in the same condition and value as existed prior.

d. Developer can't transfer ownership of property without the Written consent of the HRA, which will not be reasonable withheld.

4. **<u>Tax Increment</u>**
   a. The City created TIF District 6 – Downtown West on December 19, 2017

   b. The Developer will receive a pay-as-you-go note in the amount of $1,700,000 after providing proof of expenditures for qualified costs.

      i. Qualified costs are as follows:

Demolition	$54,000
Soil correction/earthwork	$880,000
Structural Slab	$164,600
Fee in Lieu of Parking	$730,000
Parking Garage	<u>$150,000</u>
TOTAL	**$1,978,600**

      ii. Term of the TIF Note will be for 24 years

      iii. Interest will be paid at 5.00%

      iv. Developer will receive 90% of the tax increment generated from their project

   c. The Note will not be issued if there is an event of default and will only be issued after the Declaration of Restrictive Covenants has been recorded

   d. The developer has to inform the City/HRA if they petition for a reduction in their tax value. If this occurs, the HRA may suspend payments on the TIF Note until the petition is stipulated or dismissed.

   e. Project is exempt from Business Subsidy requirements (job and wage goals) due to falling under the redevelopment exclusion clause with the cost of acquiring and preparing the project for development exceeds 70% of the current taxable market value of the property (2019 assessment for pay 2020).

5. **<u>Look Back</u>**
   a. If the Developer's cumulative cash-on-cost return (net operating income divided by total development costs), exceeds 9% after stabilization, then the principal amount of the TIF Note will be reduced by 50% of the amount that results in a stabilized, cumulative cash-on-cost return equal to 9% over the term of the TIF Note. It should be noted that the Developers cash-on-cost return in its first stabilized year is 6.65% with TIF and only 5.97% without TIF.

Please contact me at 651-697-8506 with any questions.

REDEVELOPMENT AGREEMENT

IN

CENTRAL AREA REDEVELOPMENT DISTRICT

AND

TAX INCREMENT FINANCING DISTRICT NO. 6 – DOWNTOWN WEST

WAYZATA,
HENNEPIN COUNTY, MINNESOTA

By and Among

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF WAYZATA,

CITY OF WAYZATA, MINNESOTA

And

MELVIN'S 235, LLC

for the

HUGHES OFFICE PROJECT

Dated as of April 1, 2020

This Document Was Drafted By:

DORSEY & WHITNEY LLP (GIT)
Suite 1500
50 South Sixth Street
Minneapolis, Minnesota 55402

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REDEVELOPMENT AGREEMENT

THIS Redevelopment Agreement (this "Agreement"), made and entered into as of this 1st day of April, 2020, by and among the HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF WAYZATA, a body corporate and politic, duly organized under the laws of the State of Minnesota (the "HRA"), the CITY OF WAYZATA, a municipal corporation and political subdivision of the State of Minnesota (the "City"), and MELVIN'S 235, LLC, a Minnesota limited liability company (the "Developer").

WITNESSETH:

WHEREAS, the HRA has designated a Redevelopment District in the City denominated the Central Area Redevelopment District (the "Redevelopment District") and adopted a Redevelopment Plan (the "Redevelopment Plan") therefor, pursuant to and in accordance with Minnesota Statutes ("M.S."), Sections 469.001 through 469.047, as amended; and

WHEREAS, the HRA adopted a resolution establishing Tax Increment Financing District No. 6 - Downtown West, a "redevelopment district" (the "TIF District") pursuant to M.S., Section 469.174, Subdivision 10, and approved a Tax Increment Financing Plan therefor (the "TIF Plan"); and

WHEREAS, in order to achieve the objectives of the Redevelopment Plan and the TIF Plan, the HRA intends to provide assistance to the Developer through tax increment financing, as described in M.S., Sections 469.174 through 469.1794 (the "TIF Act"), to finance construction of an approximately 35,930 square foot office facility with underground parking (the "Project");

WHEREAS, the HRA has determined that, in order to accomplish the purposes specified in and to carry out the Redevelopment Plan and the TIF Plan, it is necessary and desirable for the HRA to reimburse the Developer for certain costs to be incurred and paid by the Developer in connection with the Project; and

WHEREAS, the City will apply tax increment revenues generated from the TIF District to (i) pay or reimburse the City for administrative expenses relating to the TIF District to the extent permitted by the TIF Act and (ii) reimburse the Developer, with interest, for certain costs incurred in connection with the construction of the Minimum Improvements (defined below) associated with the Project; and

WHEREAS, the HRA and the City believe that the development activities associated with the Project pursuant to this Agreement are in the best interests of the City and benefit the health, safety, morals and welfare of its residents, and comply with the applicable state and local laws and requirements under which the Project has been undertaken and is being assisted.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual obligations set forth in this Agreement, the parties hereto hereby agree as follows:

ARTICLE 1
Definitions

1.01. Definitions.

In this Agreement, unless a different meaning clearly appears from the context:

“Act” means M.S., Sections 469.001 through 469.047.

“Agreement” means this Agreement, as the same may be from time to time modified, amended or supplemented.

“Available Tax Increment” means 90 percent (90%) of the tax increment revenues generated by the Project as computed pursuant to M.S., Section 469.177, as amended from time to time.

“Business Subsidies Act” means M.S., Sections 116J.993 through 116J.995.

“Certificate of Completion” means a certification in the form attached hereto as Exhibit D, to be provided to the Developer pursuant to this Agreement.

“City” means the City of Wayzata, Minnesota.

“City Council” means the City Council of the City.

“Construction Plans” means the plans, specifications, drawings and related documents for the construction work to be performed by the Developer on the Development Property.

“County” means the County of Hennepin, Minnesota, a political subdivision of the State of Minnesota.

“Default Notice” means written notice from the City to the Developer setting forth the Event of Default and the action required to remedy the same.

“Developer” means Melvin’s 235, LLC, a limited liability company under the laws of the State of Minnesota.

"Development Agreement" means the Development Agreement entered into by and between the City and Developer dated _______________, 2020.

“Development Property” or “Property” means the real property described in Exhibit A attached hereto.

“Event of Default” means as any of the events set forth in Section 7.01 hereof.

“HRA” means the Housing and Redevelopment Authority of the City of Wayzata, a body corporate and politic, duly organized under the laws of the State.

"Legal and Administrative Expenses" means the fees and expenses incurred by the City or HRA in connection with review and analysis of the development proposed under this Agreement with the adoption and administration of the TIF Plan and establishment of the TIF District, the preparation of this Agreement and the issuance of the TIF Note including, but not limited to, attorney and municipal advisor fees and expenses;

"Minimum Improvements" means the minimum improvements to be undertaken by the Developer as a part of the Project on the Development Property all as further described in Exhibit C attached hereto.

"Mortgage" means any mortgage made by the Developer which covers, in whole or in part, the Development Property.

"Mortgagee" means the owner or holder of a Mortgage.

"M.S." means Minnesota Statutes.

"Project" means the construction of an approximately 35,930 square foot office facility with underground parking.

"Public Assistance" means the Available Tax Increment to be paid under Article 5 hereof.

"Qualified Costs" means costs incurred by Developer in connection with construction of the Minimum Improvements that are reimbursable from tax increment pursuant to Sections 469.174, Subd. 10 and 469.1761 of the TIF Act, which are shown on Exhibit C to this Agreement. The total principal amount of any and all tax increment notes issued to reimburse the Developer for Qualified Costs of the Project will not exceed $1,700,000.

"Redevelopment District" means Central Area Redevelopment District, designated pursuant to the Act.

"Redevelopment Plan" means the Redevelopment Plan developed for Central Area Redevelopment District.

"Restrictions" means the easements, covenants, conditions and restrictions set forth in Exhibit B attached hereto.

"Section" means a Section of this Agreement, unless used in reference to M.S..

"State" means the State of Minnesota.

"Termination Date" means the earlier of (i) February 1, 2046, (ii) the date the TIF Note is paid in full, (iii) the date on which the Tax Increment District expires or is otherwise terminated, or (iv) the date this Agreement is terminated or rescinded in accordance with its terms;

"TIF Act" means M.S., Sections 469.174 through 469.1794, as amended.

"TIF District" means Tax Increment Financing District No. 6 - Downtown West, a redevelopment district, established by the City Council on December 19, 2017.

"TIF Note" means the Tax Increment Revenue Note (Melvin's 235, LLC) to be executed by the HRA and delivered to the Developer pursuant to Article 5 hereof, the form of which is attached hereto as Exhibit E

"TIF Plan" means the Tax Increment Financing Plan for the TIF District approved by the City Council and HRA.

"Unavoidable Delay" means a failure or delay in a party's performance of its obligations under this Agreement, or during any cure period specified in this Agreement which does not entail the mere payment of money, not within the party's reasonable control, including but not limited to acts of God, governmental agencies, the other party, strikes, labor disputes (except disputes which could be resolved by using union labor), fire or other casualty, lack of materials, or declarations of any state, federal or local government, pandemics, epidemics (including the COVID-19 virus); provided that within ten (10) days after a party impaired by the delay has actual (as opposed to constructive) knowledge of the delay it shall give the other party notice of the delay and the estimated length of the delay, and shall give the other party notice of the actual length of the delay within ten (10) days after the cause of the delay has ceased to exist. The parties shall pursue with reasonable diligence the avoidance and removal of any such delay. Unavoidable Delay shall not extend performance of any obligation unless the notices required in this definition are given as herein required.

ARTICLE 2
Representations and Warranties

2.01. HRA Representations.

The HRA makes the following representations to the Developer:

(a) The HRA is a body corporate and politic, duly organized and existing under the laws of the State. Under the provisions of the Act, the HRA has the power to enter into this Agreement and carry out its obligations hereunder.

(b) The HRA has designated the Redevelopment District and has adopted the Redevelopment Plan in accordance with the provisions of the Act and has created the TIF District and adopted the TIF Plan in accordance with the provisions of the TIF Act.

(c) With each TIF Note payment, the HRA will provide Developer with a statement showing the Available Tax Increment along with a statement of the remaining amounts of unpaid interest, if any, and principal.

2.02. Developer Representations.

The Developer represents and warrants that:

(a) The Developer is a Minnesota limited liability company and has power to enter into this Agreement and has duly authorized, by all necessary corporate action, the execution and delivery of this Agreement.

(b) Developer will, subject to and as required by Agreement, construct the Minimum Improvements in accordance with the terms of this Agreement, the TIF Plan and all applicable local, state and federal laws and regulations.

(c) It is anticipated that the Project will be constructed so that when completed and fully leased the Development Property will have a market value as determined pursuant to Minnesota Statutes, Section 273.11, of a minimum of $12,575,500.

(d) At such time or times as may be required by law, the Developer will have complied with all local, state and federal environmental laws and regulations applicable to the Minimum Improvements, and will have obtained any and all necessary environmental reviews, licenses and clearances. The Developer has received no written notice from any local, state or federal official that the activities of the Developer or the HRA with respect to the Development Property may be or will be in violation of any environmental law or regulation. The Developer has no actual knowledge of any facts the existence of which would cause it to be in violation of any local, state or federal environmental law, regulation or review procedure with respect to the Development Property.

(e) Neither the execution or delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented by, limited by, conflicts with, or results in a breach of, any restriction, agreement or instrument to which the Developer is now a party or by which the Developer is bound.

(f) The Developer has no actual knowledge that any member of the HRA, City Council, or any other officer of the HRA or City has any direct or indirect financial interest in the Developer, the Development Property, or the Project.

(g) The Developer will use commercially reasonable efforts to obtain, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all local, state and federal laws and regulations which must be obtained or met in connection with the Minimum Improvements. Without limitation to the foregoing, the Developer will request and seek to obtain from the HRA or the City all necessary variances, conditional use permits and zoning changes related to the Minimum Improvements.

(h) The Developer would not undertake the Project without the financial assistance to be provided by the City pursuant to this Agreement and the TIF Plan.

(i) Apart from the assistance to be provided under this Agreement, the Developer shall pay all standard charges and fees due with respect to real estate developments and allocable to the Development Property under City ordinances and the City code, including but not limited to special assessments for local improvements, sewer and water use charges, building permit fees, plat fees, inspection fees, storm water fees and the like used against the Development Property.

(j) Any reference to the "actual knowledge" of Developer shall be limited to the actual, subjective knowledge of Patrick R. Hughes.

2.03. Use, Ownership of Development Property; Restrictions; Use of Development Property. The Developer's use of the Development Property shall be subject to and in compliance with all of the conditions, covenants, restrictions and limitations imposed by this Agreement, the Restrictions, and all applicable laws, ordinances and regulations.

2.04. Ownership of Development Property. The Developer hereby represents and warrants that it is the owner in fee simple of the Development Property and that there are no liens, defects or other encumbrances upon title to the Development Property that would hinder the development of the Development Property by the Developer as contemplated by this Agreement.

2.05. Declaration of Restrictive Covenants. The Developer shall prepare, execute, and record on the title to the Development Property a Declaration of Restrictive Covenants, in form approved by the City, which includes the Restrictions set forth in Exhibit B. If the Developer determines that operation of the Development Property and the Minimum Improvements would endanger the financial viability thereof, the Developer may request the HRA or City Council to consent to the amendment, modification or termination of any of the restrictions in any respect. The HRA and the City are under no obligation to amend, modify or terminate any of the restrictions and may, in their sole and absolute discretion, refuse to do so.

2.06. Damage or Destruction. Subject to any mortgage requirements, upon any damage or destruction of the Project, or any portion thereof, by fire or other casualty, the Developer shall within one hundred twenty (120) days after such damage or destruction, commence the process required to repair, reconstruct and restore the damaged or destroyed Project, or portion thereof, to substantially the same condition or utility value as existed prior to the event causing such damage or destruction and shall diligently pursue such repair, reconstruction and restoration.

2.07. Relocation Costs. The Developer shall pay all relocation costs or expenses required under federal or state law to be paid to any owner or occupant of the Development Property as a result of the Project, and shall indemnify and hold harmless the HRA and the City, their governing body members, officers, and agents including the independent contractors, consultants, and legal counsel, servants and employees thereof from any such relocation costs and expenses in accordance with the provisions of Section 4.01.

ARTICLE 3
Construction of Project

3.01. Construction Plans. Prior to commencing construction of the Minimum Improvements for the Project, the Developer shall make available to the City for review Construction Plans for the Project. The Construction Plans shall provide for construction of the Project in conformity with the Redevelopment Plan, the TIF Plan, this Agreement, and all applicable state and local laws and regulations. The City shall approve the Construction Plans in writing if, in the reasonable discretion of the City, the Construction Plans: (a) conform to the

Redevelopment Plan, the TIF Plan, this Agreement, and to any subsequent amendments thereto approved by the City; (b) conform to all applicable federal, state and local laws, ordinances, rules and regulations; (c) are adequate to provide for construction of the Minimum Improvements; and (d) no Event of Default has occurred.

No approval by the City shall relieve the Developer of the obligation to comply with the terms of this Agreement, applicable federal, state and local laws, ordinances, rules and regulations, or to properly construct the Project. No approval by the City shall constitute a waiver of an Event of Default. Any disapproval of the Construction Plans shall set forth the reasons therefore and shall be made within thirty (30) days after the date of their receipt by the City. If the City rejects the Construction Plans, in whole or in part, the Developer shall submit new or corrected Construction Plans within thirty (30) days after written notification to the Developer of the rejection. The provisions of this Section relating to approval, rejection and resubmission of corrected Construction Plans shall continue to apply until the Construction Plans have been approved by the City. Issuance of a building permit by the City for the Minimum Improvements shall constitute approval by the City of the Construction Plans and their conformance to the Redevelopment Plan and TIF Plan.

3.02. Undertaking of Minimum Improvements.

(a) Subject to Unavoidable Delay, Developer shall commence the Project by December 31, 2020, and cause the Project to be substantially completed in accordance with theSection 3.03(a) and other terms of this Agreement by July 1, 2022.

(b) All work with respect to the Minimum Improvements shall be in substantial conformity with the Construction Plans approved by the City.

(c) The Developer shall not interfere with, or construct any improvements over, any public street or utility easement without the prior written approval of the City. All connections to public utility lines and facilities shall be subject to approval of the City (in accordance with City code) and any applicable private utility provider. Except as otherwise provided in the Development Agreement, and except for public improvements, which are undertaken by the City or other governmental body and assessed against benefited properties, all street and utility installations, relocations, alterations and restorations shall be at the Developer's expense and without expense to the City. The Developer, at its own expense, shall replace any public facilities or utilities damaged during the Project by the Developer or its agents or by others acting on behalf of or under the direction or control of the Developer.

3.03. Certificate of Occupancy; Certificate of Completion.

(a) Upon the Developer's request following the City's certification that the building shell of the Project is complete, the City will furnish the Developer with a Certificate of Completion for the Project, in substantially the form attached hereto as Exhibit D, as conclusive evidence of satisfaction and termination of the agreements and covenants of this Agreement with respect to the obligations of the Developer to complete the Project. The furnishing by the City of such Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any Mortgagee.

(b) If the City shall refuse or fail to provide a Certificate of Completion following the Developer's request, the City shall, within ten (10) days after the Developer's request, provide the Developer with a written statement specifying in what respects the Developer has failed to complete the Project in accordance with this Agreement, or is otherwise in default, and what measures or acts will be necessary, in the reasonable opinion of the City, for the Developer to obtain the Certificate of Completion.

3.04. Progress Reports. Until the Certificate of Completion is issued for the Project, the Developer shall make, in such detail as may reasonably be required by the HRA or the City, and forward to the HRA and the City, upon demand by either or both the HRA and the City (provided such demand shall not be made more frequently than quarterly in the absence of an Event of Default hereunder), a written report as to the actual progress of construction.

3.05. Access to Development Property. The Developer agrees to permit the City and HRA and any of their officers, employees or agents access to the Development Property at all reasonable times for the purpose of inspection of all work being performed in connection with the Project; provided, however, that neither the City nor HRA shall have an obligation to inspect such work.

3.06. Modification; Subordination. The HRA agrees to subordinate its rights under this Agreement to the holder of any Mortgage securing construction or permanent financing, in accordance with the terms of a subordination agreement in a form reasonably acceptable to the HRA.

ARTICLE 4
Defense of Claims; Insurance

4.01. Defense of Claims.

(a) The Developer shall indemnify and hold harmless the HRA, the City, their governing body members, officers, and agents including the independent contractors, consultants, and legal counsel, servants and employees thereof (hereinafter, for the purposes of this Section, collectively the "Indemnified Parties") for any expenses (including reasonable attorneys' fees), loss (excluding consequential, special or punitive damages except to the extent payable to third parties by any Indemnified Parties), damage to property, or death of any person occurring at or about, or resulting from any defect in, the Project; provided, however, the Developer shall not be required to indemnify any Indemnified Party for any claims or proceedings arising from any negligent, intentional misconduct, or unlawful acts or omissions of such Indemnified Party, or from expenses, damages or losses that are eligible to be reimbursed by insurance. Promptly after receipt by the HRA or the City of notice of the commencement of any action in respect of which indemnity may be sought against the Developer under this Section 4.01, such person will notify the Developer in writing of the commencement thereof, and, subject to the provisions hereinafter stated, the Developer shall assume the defense of such action (including the employment of counsel, who shall be counsel reasonably satisfactory to the HRA and the City) and the payment of expenses insofar as such action shall relate to any alleged liability in respect of which indemnity may be sought against the Developer. The HRA and the City shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall not be at the expense of the Developer unless the employment of such counsel has been specifically authorized by the Developer. Notwithstanding the foregoing, if the HRA or the City has been advised by independent counsel that there may be one or more legal defenses available to it which are different from or in addition to those available to the Developer, the Developer shall not be entitled to assume the defense of such action on behalf of the HRA or the City, but the Developer shall be responsible for the reasonable fees, costs and expenses (including the employment of counsel) of the HRA and the City in conducting their defense. The Developer shall not be liable to indemnify any person for any settlement of any such action effected without the Developer's consent. The omission to notify the Developer as herein provided will not relieve the Developer from any liability which they may have to any Indemnified Party pursuant hereto, otherwise than under this Section.

(b) The Developer agrees to protect and defend the Indemnified Parties, and further agrees to hold the aforesaid harmless, from any claim, demand, suit, action or other proceeding whatsoever by any person or entity arising or purportedly arising from the actions or inactions of the Developer (or other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project; provided that this indemnification shall not apply to the warranties made or obligations undertaken by the HRA or the City in this Agreement or to any actions undertaken by the HRA or the City which are not contemplated by this Agreement but shall, in any event, apply to any pecuniary loss (excluding consequential, special or punitive damages except to the extent payable to third parties by any of the Indemnified Parties) or penalty (including interest thereon from the date the loss is incurred or penalty is paid by the HRA or the City at a rate equal to the prime rate) as a result of the Project, as constructed and operated by the Developer, causing the TIF District to cease to qualify as a "redevelopment district" under the TIF Act or to violate limitations as to the use of the revenues therefrom as set forth in the TIF Act.

(c) All covenants, stipulations, promises, agreements and obligations of the HRA and the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the HRA and the City and not of any governing body member, officer, agent, servant or employee of the HRA or the City, as the case may be.

4.02. Insurance.

(a) Subject to the terms of any Mortgage relating to the Development Property, the Developer shall keep and maintain the Development Property and Minimum Improvements at all times insured against such risks and in such amounts, with such deductible provisions, as are customary in connection with facilities of the type and size comparable to the Minimum Improvements, and the Developer shall carry and maintain, or cause to be carried and maintained, and pay or cause to be paid timely the premiums for direct damage insurance covering all risks of loss, including, but not limited to, the following:

1. fire
2. extended coverage perils
3. vandalism and malicious mischief
4. boiler explosion (but only if steam boilers are present)
5. collapse

on a replacement cost basis in an amount equivalent to the full insurable value thereof. ("Full insurable value" shall include the actual replacement cost of the Minimum Improvements, exclusive of foundations and footings, without deduction for architectural, engineering, legal or administrative fees or for depreciation.) Insurance in effect with respect to any portion of the Minimum Improvements to be constructed, rehabilitated, or renovated as a part of the Project prior to the issuance by the City of a Certificate of Completion under Section 3.03 hereof with respect thereto shall be maintained on an "all-risk" builder's risk basis during the course of construction. The policies required by this Section 4.02 shall be subject to a no coinsurance clause or contain an agreed amount clause, and may contain a deductibility provision not exceeding $25,000.

(b) Subject to the terms of any Mortgage relating to the Development Property, policies of insurance required by this Section 4.02 shall insure and be payable to the Developer, and shall provide for release of insurance proceeds to the Developer for restoration of loss. The City shall be furnished certificates showing the existence of such insurance. In case of loss, the Developer is hereby authorized to adjust the loss and execute proof thereof in the name of all parties in interest. On an annual basis and from time to time at the City or the HRA's request, the Developer shall file with the City or the HRA, as applicable, a certificate of insurance for each of the policies required under this Section.

ARTICLE 5
Public Assistance

5.01. Development Costs. The Developer has agreed to and shall be responsible to pay all of its respective costs of the Project, as herein provided. However, the HRA, in order to encourage the Developer to proceed with the construction of the Minimum Improvements, and to assist the Developer in paying the costs thereof, is willing to provide the Public Assistance and thereby reimburse the Developer for Qualified Costs, as permitted by the TIF Act and in accordance with the TIF Plan, that will be incurred by the Developer to construct the Minimum Improvements.

5.02. Reimbursement for Qualified Costs.

The HRA agrees to reimburse the Developer, using Available Tax Increment on a pay-as-you-go basis, for Qualified Costs of the Project. The City shall, upon completion of the Minimum Improvements of the Project and the issuance of a the Certificate of Completion therefor, make reimbursement payments pursuant to a limited revenue tax increment note for the

Project, the form of which is attached hereto as Exhibit E, with said payments of principal and interest to be made on the dates (the "Payment Dates") specified in the TIF Note, subject to the following terms and conditions:

(a) The total principal amount of any and all TIF notes issued for the Project will not exceed one million seven hundred thousand dollars ($1,700,000).

(b) The unpaid principal of the TIF Note shall bear simple non-compounding interest from the date of issuance of the TIF Note, at five percent (5.00%) per annum. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months.

(c) No payments shall be made by the HRA to the Developer unless and until the Developer has provided written evidence reasonably satisfactory to the HRA that (i) Qualified Costs in the amount to be reimbursed from the Available Tax Increment have been incurred for the Project and paid by the Developer and (ii) the Certificate of Completion has been issued as contemplated in Section 3.03 hereof.

(d) The HRA shall be obligated to make the payments to the Developer required pursuant to this Section 5.02 *only from and to the extent of* the Available Tax Increment actually received from the TIF District for any tax year, and such payments shall never be considered to be a general obligation or indebtedness of the HRA.

(e) The HRA will retain 10% of the Tax Increment generated for administrative costs and apply the retained Tax Increment first to pay any administrative expenses relating to the Development Property to the extent permitted by the Tax Increment Act and to the extent that such expenses have not been paid or reimbursed to the HRA by the Developer. Any of the retained Tax Increment remaining after the payment of any administrative expenses then due and owing (the "Available Tax Increment") shall be paid to the Developer for reimbursement of the Qualified Costs plus interest on the Payment Dates.

(f) On the Calculation Date, as defined below, the amount of the TIF assistance provided pursuant to this Agreement will be subject to adjustment based on a targeted Cash-On-Cost Return of 9%. By the Calculation Date, the Developer must deliver to the HRA's consultant evidence of its Cash-On-Cost Return. The Cash-On-Cost Return shall be calculated by the HRA's consultant based on the Developer's pro forma financial statements submitted to the HRA's consultant.

If the Cumulative Annualized Cash-On-Cost Return exceeds 9%, then the principal amount of the TIF Note issued to the Developer will be reduced by 50% of the amount that results in a stabilized Cash-On-Cost Return equal to 9% over the term of the TIF Note, in which case the Developer shall deliver the TIF Note to the HRA in exchange for a new Note in the adjusted principal amount upon the HRA's written request.

For the purposes of this Section, the following terms have the following meanings:

"Calculation Date" means 60 days after the earliest of (i) the date of Stabilization, as defined below, of the Project; (ii) the date of any transfer of the

Project (provided that the Developer and the HRA agree that the Calculation Date will occur prior to the actual transfer); or (iii) three years after the date of completion of the Project, as evidenced by the City's issuance of a final certificate of occupancy.

"Cash-On-Cost Return" means Net Operating Income divided by the sum of the total development costs, which excludes any grants or City, HRA, Federal, or State funds received by the Developer.

"Net Operating Income" means total income and other project-derived revenue, including payments under the TIF Note, less Operating Expenses.

"Operating Expenses" means reasonable and customary expenses incurred in operating the Project, including deposits to capital replacement reserves.

"Stabilization" is defined when the project has achieved 90% occupancy.

"Cumulative Annualized" is defined as the total accumulation of operating net income or loss activity from the date of the Certificate of Completion until the Calculation Date divided into an average annual amount.

(g) Upon thirty (30) days' written notice to the Developer, the HRA may prepay all or a portion of the outstanding principal balance due to the Developer pursuant to this Section 5.02 without penalty, on any date at a prepayment price equal to the outstanding principal balance to be prepaid plus accrued interest to the prepayment date.

(h) The HRA shall not be obligated to make any payments hereunder subsequent to the termination of this Agreement as provided in Section 8.06 hereof, and any amounts remaining unpaid as of such date (other than by reason of failure of the HRA to comply with the terms of this Agreement) shall be considered forgiven by the Developer and shall cease to be owing.

(i) The Developer may assign its rights under this Agreement (including the payments to be made to the Developer hereunder) to secure financing incurred by the Developer to pay costs of the Project, including but not limited to any Mortgagee, or, after Certificate of Completion has been issued by the City, to third parties.

5.03. <u>Conditions Precedent to Provision of Public Assistance.</u>

Upon payment by the Developer of Qualified Costs for the Project, the Developer will deliver to the HRA an instrument executed by the Developer (i) specifying the amount and nature of the Qualified Costs of the Minimum Improvements for the Project to be reimbursed and (ii) certifying that such costs have been paid to third parties unrelated to the Developer, or if any costs have been paid to third parties related to the Developer, that such costs do not exceed the reasonable and customary costs of services, labor or materials of comparable quality, dependability, availability and other pertinent criteria and that such costs have not previously been contained in an instrument furnished to the City pursuant to this Section 5.03. Together with such instrument, the Developer shall deliver to the HRA evidence reasonably satisfactory to the HRA of the payment by the Developer of such costs to be reimbursed. Thereafter, the HRA will provide to the Developer reimbursement for the Project, constituting a portion of the Public Assistance described in this Article 5, paid up to the maximum amount then due and payable, in accordance with Section 5.02.

5.04. Satisfaction of Conditions Precedent. Notwithstanding anything to the contrary contained herein, the City's obligation to reimburse the Developer for Qualified Costs shall be subject to satisfaction, or waiver in writing by the HRA, of all of the following conditions precedent:

(a) the conditions precedent in this Section 5.04 hereof have been satisfied;

(b) the Developer shall have cured any material title defects with respect to the Development Property;

(c) the Developer shall not be in default under the terms of this Agreement beyond any applicable cure period;

(d) the Developer shall have executed and recorded on the title to the Development Property, the Declaration of Restrictive Covenants, required by Section 2.05 hereof, as set forth in Exhibit B; and

(e) the Developer shall have closed on or received commitments in financing or shall provide equity sufficient to pay all costs to be incurred in connection with the Project.

In the event that all of the above conditions required to be satisfied as provided in this Section 5.04 have not been satisfied by December 31, 2020, either the HRA or the Developer may terminate this Agreement if such conditions are not satisfied within thirty (30) days following notice to the non-terminating party by the terminating party. Upon such termination, the provisions of this Agreement relating to the Minimum Improvements shall terminate and, except as provided in Article 8, neither the Developer nor the HRA shall have any further liability or obligation to the other hereunder.

5.05. Notice of Default. Whenever the HRA or the City shall deliver any notice or demand to the Developer with respect to any breach or default by the Developer in its obligations or covenants under this Agreement, the HRA or the City shall at the same time forward a copy of such notice or demand to each investor, lender, or holder of any permitted mortgage, lien or other similar encumbrance at the last address of such holder shown in the records of the HRA or the City. Each such investor, lender, or holder shall have the right, at its option, to cure or remedy such breach or default and to add the cost thereof to the mortgage debt and the lien of its mortgage; provided that if the breach or default is with respect to construction of the Project, nothing contained in this Agreement shall be deemed to permit or authorize such holder, either before or after foreclosure or action in lieu thereof, to undertake or continue the construction or completion of the Project without first having expressly assumed the obligation to the HRA and the City, by written agreement satisfactory to the HRA and the City, to complete the construction the Project in accordance with the plans and specifications therefor and this Agreement. Any such holder who shall properly complete the construction of the Project shall be entitled, upon written request made to the HRA and the City, to a certification by the HRA and the City to such effect in the manner provided in Section 3.03.

5.06. Real Property Taxes. Prior to the Termination Date, the Developer shall pay all real property taxes payable with respect to all and any parts of the Development Property acquired and owned by it until the Developer's obligations have been assumed by any other person pursuant to the provisions of this Agreement.

The Developer agrees that prior to the Termination Date:

(1) It will not seek administrative review or judicial review of the applicability of any tax statute relating to the ad valorem property taxation of real property contained on the Development Property determined by any tax official to be applicable to the Project or the Developer or raise the inapplicability of any such tax statute as a defense in any proceedings with respect to the Development Property, including delinquent tax proceedings; provided, however, "tax statute" does not include any local ordinance or resolution levying a tax;

(2) It will not seek administrative review or judicial review of the constitutionality of any tax statute relating to the taxation of real property contained on the Development Property determined by any tax official to be applicable to the Project or the Developer or raise the unconstitutionality of any such tax statute as a defense in any proceedings, including delinquent tax proceedings with respect to the Development Property; provided, however, "tax statute" does not include any local ordinance or resolution levying a tax;

(3) It will not seek any tax deferral or abatement, either presently or prospectively authorized under M.S., Section 469.1813, or any other State or federal law, of the ad valorem property taxation of the Development Property between the date of execution of this Agreement and the Termination Date.

5.07 Action to Reduce Taxes. The Developer may seek through petition or other means to have the market value for the Development Property reduced. Until the TIF Note is fully paid, such activity must be preceded by written notice from the Developer. Upon receiving such notice, or otherwise learning of the Developer's intentions, the City may suspend payments due under the TIF Note until the actual amount of the reduction is determined, whereupon the City will make the suspended payments less any amount that the City is required to repay the County as a result any reduction in market value of the Development Property. During the period that the payments are subject to suspension, the City may make partial payments on the TIF Note if it determines, in its sole and absolute discretion, that the amount retained will be sufficient to cover any repayment which the County may require. The City's suspension of payments on the TIF Note pursuant to this Section shall not be considered a default under this Agreement.

5.08 Legal and Administrative Expenses. The Developer shall pay all Legal and Administrative Expenses in excess of the initial deposit of $10,000 paid to the City by the Developer that are incurred in connection with the negotiating, approval and documentation of this

Agreement. Thereafter, Administrative Expenses shall be reimbursed in accordance with 5.02(e) of this Agreement or any amendment to this Agreement requested by the Developer.

ARTICLE 6
Prohibitions Against Assignment and Transfer

6.01. Transfer of Property and Assignment. Other than leases made in the ordinary course of business, the Developer has not made and will not make, or suffer to be made, any total or partial sale, assignment, conveyance, lease, or other transfer, with respect to this Agreement, the Project or Property or any part thereof or any interest therein (other than any Mortgage or Mortgages securing financing for the Project or other than any assignment of the payments to be made to the Developer under Section 5.02 hereof that is permitted under Section 5.02 hereof), or any contract or agreement to do any of the same, without the prior written approval of the HRA and the City, which shall not be unreasonably withheld or delayed. The HRA and the City shall be entitled to require as conditions to any such approval that: (i) the proposed transferee have the qualifications and financial responsibility, as reasonably determined by the HRA and the City, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer; (ii) the proposed transferee, by recordable instrument satisfactory to the HRA and the City shall, for itself and its successors and assigns, assume all of the obligations of the Developer under this Agreement. No transfer of, or change with respect to, ownership in the Project or Property or any part thereof, or any interest therein, however consummated or occurring and whether voluntary or involuntary, shall operate, legally or practically, to deprive or limit the HRA or the City of or with respect to any rights or remedies or controls provided in or resulting from this Agreement with respect to the Project or Property and the completion of the Project that the HRA or the City would have had, had there been no such transfer or change. There shall be submitted to the HRA and the City for review all legal documents relating to the transfer.

Notwithstanding the foregoing, this Section 6.01 shall not apply to any transfer or assignment: (i) to any entity controlling, controlled by or under common control with the Developer; (ii) to any entity in which the majority equity interest is owned by the parties that have a majority equity interest in the Developer; or (iii) that after giving effect to such transfer or assignment does not result in a change in control of the Developer.

Provided that no Event of Default exists hereunder, any such transfer or assignment shall release the Developer from its obligations hereunder upon execution and delivery to the HRA and the City by the transferee or assignee of an instrument in form and substance satisfactory to the HRA and the City by which the transferee or assignee assumes the obligations of the Developer hereunder.

Except as set forth in the immediately preceding paragraph, in the absence of specific written agreement by the HRA and the City to the contrary, no approval of any assignment or transfer by the HRA and the City thereof with respect to any transfer or assignment shall be deemed to relieve the Developer, or any other party bound in any way by this Agreement or otherwise with respect to the completion of the Project, from any of their obligations with respect thereto.

6.02. Termination of Limitations on Transfer. The provisions of Section 6.01 shall terminate at such time as the Certificate of Completion has been issued by the City under Section 3.03 of this Agreement with respect to the Project; provided, however, that any assignment of the payments to be made to the Developer under Section 5.02 may only be assigned as permitted under Section 5.02 hereof.

ARTICLE 7
Event of Default; Fees

7.01. Events of Default. Subject to Unavoidable Delay, the following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean, whenever it is used in this Agreement (unless the context otherwise provides), any one or more of the following events which occurs and continues for more than thirty (30) days after written notice by the defaulting party of such default (and the term "default" shall mean any event which would with the passage of time or giving of notice, or both, be an "Event of Default" hereunder):

(a) Failure of the Developer to construct or reconstruct the Minimum Improvements as required hereunder.

(b) Failure of the Developer to furnish the Construction Plans as required hereunder.

(c) Failure of the Developer to pay to the HRA any amounts required to be paid by the Developer hereunder.

(d) Failure of the Developer or the HRA to observe and perform any other material covenant, condition, obligation or agreement on its part to be observed or performed hereunder.

(e) Failure of the Developer to pay any taxes on the Development Property prior to the same becoming delinquent.

(f) Filing of any voluntary petition in bankruptcy or similar proceedings by the Developer; general assignment for the benefit of creditors made by the Developer or admission in writing by the Developer of inability to pay its debts generally as they become due; or filing of any involuntary petition in bankruptcy or similar proceedings against the Developer which are not dismissed or stayed within sixty (60) days.

7.02. Remedies on Default. In the event the HRA or the City desires to exercise any of its rights or remedies as provided herein or otherwise available to the HRA or the City at law or in equity, the HRA or the City shall first provide written notice to Developer setting forth with specific particularity the Event of Default and the action required to cure or remedy the same (the "Default Notice"). Developer or any transferee or assignee under Section 6.01 hereof, shall have thirty (30) days from receipt of a Default Notice to cure or remedy the Event of Default specified in the Default Notice, or such longer period as may be reasonably required to complete the cure as soon as reasonably possible under the circumstances. If, following Developer's receipt of a Default Notice, Developer does not cure or remedy the Event of Default therein specified within the time provided above, the HRA or the City may take any one or more of the following actions at any time prior to Developer's curing or remedying the Event of Default:

(a) Suspend its performance under this Agreement until it receives assurances from Developer, deemed reasonably adequate by the HRA or the City, that Developer will cure its default and continue its performance under this Agreement.

(b) In the case of a material default that is not cured within a reasonable period of time, terminate all rights of Developer under this Agreement.

(c) Withhold the Certificate of Completion.

(d) Take whatever action at law or in equity may appear necessary or desirable to the HRA or the City to enforce performance and observance of any obligation, agreement, or covenant of Developer under this Agreement.

In the event the HRA or City should fail to observe or perform any covenant, agreement or obligation of the HRA or City on their part to be observed and performed under this Agreement, Developer may take any one or more of the following actions:

(a) Suspend its performance under this Agreement until it receives assurances from the HRA or City deemed adequate by Developer, that the HRA or City will cure its default and continue its performance under this Agreement.

(b) In the case of a material default that is not cured within a reasonable period of time, terminate all rights of the HRA or the City under this Agreement.

(c) Take whatever action at law or in equity may appear necessary or desirable to Developer to enforce performance and observance of any obligation, agreement, or covenant of the HRA or the City under this Agreement.

7.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to the HRA, the City, or to the Developer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the HRA, the City, or Developer to exercise any remedy reserved to them, it shall not be necessary to give notice, other than such notice as may be required under this Agreement.

7.04. Waivers. All waivers by any party to this Agreement shall be in writing. If any provision of this Agreement is breached by any party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

7.05. Agreement to Pay Attorneys' Fees. Whenever any Event of Default occurs and the HRA or the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of the Developer herein contained, the Developer agrees that it shall, on demand therefor, pay to the HRA or the City the reasonable fees of such attorneys and such other expenses so incurred by the HRA or the City.

ARTICLE 8
General Provisions

8.01. Conflicts of Interest; HRA and City Representatives Not Individually Liable. No member, official, employee, or consultant or employee of a consultant of the HRA or the City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, consultant or the consultant's employees or employee participate in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is directly or indirectly interested. No member, official, consultant or consultant's employee, or employee of the HRA or the City shall be personally liable to Developer, or any successor in interest, in the event of any default or breach by the HRA or the City or for any amount which may become due to Developer or successors or on any obligations under the terms of this Agreement. No member, official, consultant or consultant's employee, or employee of the Developer shall be personally liable to the City or the HRA, or any successor in interest, in the event of any default or breach by the Developer or for any amount which may become due to the HRA or the City on any obligations under the terms of this Agreement.

8.02. Equal Employment Opportunity. Developer, for itself and its successors and assigns, agrees that during the construction of the Project it will comply with any applicable affirmative action and nondiscrimination laws or regulations.

8.03. Restrictions on Use. Developer agrees for itself, and its successors and assigns, and every successor in interest to the Development Property, or any part thereof, that Developer, and such successors and assigns, shall devote the Development Property to, and only to and in accordance with, the uses specified in the Redevelopment Plan, this Agreement and other agreements entered into between the Developer and the City, and shall not discriminate upon the basis of race, color, creed, religion, national origin, sex, marital status, disability, status with regard to public assistance, sexual orientation, and familial status in the sale, lease, or rental or in the use or occupancy of the Development Property or any improvements erected or to be erected thereon, or any part thereof.

8.04. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

8.05. Business Subsidies Act.

The Developer warrants and represents that the Developer's investment in the purchase of the Development Property and in site preparation equals at least 70% of the City Assessor's finalized market value of the Development Property for the 2020 assessment year (the most recent year for which finalized values are available), calculated as follows:

Aggregate cost of acquisition of Development Property…….……...$2,400,000

Plus Estimated cost of site preparation..................………………… $942,336

Less site preparation costs reimbursed by the Authority….. ……….. ($942,336)

Equals net land and site preparation cost..................……………….. $2,400,000

Assessor's finalized market value
of Development Property (2020)……………….....................……… $1,174,800

$2,400,000 (net acquisition and site preparation cost) is 204.29% of $1,174,800 (Assessor's finalized fair market value of the Development Property for 2020).

Accordingly, the parties agree and understand that the financial assistance described in this Agreement does not constitute a business subsidy within the meaning of the Business Subsidy Act. To the extent permitted by applicable law, the Developer releases and waives any claim against the HRA and its governing body members, officers, agents, servants and employees thereof arising from application of the Business Subsidy Act to this Agreement, including without limitation any claim that the HRA failed to comply with the Business Subsidy Act with respect to this Agreement.

8.06. Term of Agreement. This Agreement shall terminate upon the earlier to occur of (i) February 1, 2046, (ii) the date the TIF Note is paid in full, (iii) the date on which the Tax Increment District expires or is otherwise terminated, or (iv) the date this Agreement is terminated or rescinded in accordance with its terms; it being expressly agreed and understood that the provisions of this Agreement are intended to survive the expiration and satisfaction of any security instruments placed of record contemporaneously with this Agreement, if such expiration and satisfaction occurs prior to the expiration of the term of this Agreement, as stated in this Section 8.06.

8.07. Provisions Surviving Termination. Sections 4.01 and 7.05 hereof shall survive any termination, rescission, or expiration of this Agreement with respect to or arising out of any event, occurrence, or circumstance existing prior to the date thereof.

ARTICLE 9
Administrative Provisions

9.01. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under this Agreement by any party to another party shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally as follows:

(a) in the case of Developer, addressed to or delivered personally to:

Melvin's 235, LLC
1905 Wayzata Boulevard East
Suite 100
Wayzata, MN 55391
Attention: Patrick Hughes

With a copy to:

Malkerson Gunn Martin LLP
220 South Sixth Street, Suite 1900
Minneapolis, MN 55402
Attention: Gregory D. Soule

(b) in the case of the City, addressed or delivered personally to:

City of Wayzata
Wayzata City Hall
600 Rice Street East
Wayzata, MN 55391
Attention: City Manager

(c) in the case of the HRA, addressed or delivered personally to:

Housing and Redevelopment Authority
of the City of Wayzata
600 Rice Street East
Wayzata, MN 55391
Attention: Executive Director

The HRA, City and the Developer, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications should be sent.

9.02. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

9.03. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the HRA, the City and the Developer and their respective successors and assigns.

9.04. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

9.05. Amendments, Changes and Modifications. This Agreement may be amended or any of its terms modified only by written amendment authorized and executed by the HRA, the City, and the Developer. The Chair and Executive Director of the HRA are authorized to execute and deliver amendments and any documents related to this Agreement on behalf of the HRA. The

Mayor and City Manager are authorized to execute and deliver amendments and any documents related to this Agreement on behalf of the City.

9.06. Further Assurances and Corrective Instruments. The HRA, the City, and the Developer agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Development Property or the Minimum Improvements or for carrying out the expressed intention of this Agreement.

9.07. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope of intent of any provisions or Sections of this Agreement.

9.08. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota without giving effect to the conflicts-of-laws principles thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF WAYZATA

By ____
Thomas Shaver, Chair

And ______________________________________
Jeffrey Dahl, Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me on this ____ day of ________, 2020, by Thomas Shaver, the Chair, and Jeffrey Dahl, the Executive Director, of the Housing and Redevelopment Authority of the City of Wayzata, a body politic and corporate under the laws of the state of Minnesota, on behalf of the Authority.

IN WITNESS WHEREOF, I have set my hand and my official seal this ____ day of _____________, 2020.

____
Notary Public

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

CITY OF WAYZATA, MINNESOTA

By ____
Kenneth Willcox, Mayor

And ____
Jeffrey Dahl, City Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me on this ____ day of ______________, 2020, by Kenneth Willcox, the Mayor, and Jeffrey Dahl, the City Manager, of the City of Wayzata, a Minnesota municipal corporation, on behalf of the corporation.

IN WITNESS WHEREOF, I have set my hand and my official seal this ____ day of _____________, 2020.

____
Notary Public

MELVIN'S 235, LLC, a Minnesota limited liability company

By: ______________________________________
Patrick Hughes

Its: President

STATE OF MINNESOTA)
) ss.
COUNTY OF __________)

The foregoing instrument was acknowledged before me on this ___ day of ___________, 2020, by Patrick Hughes, the President of Melvin's 235, LLC, a Minnesota limited liability company, on behalf of the company.

IN WITNESS WHEREOF, I have set my hand and my official seal this ___ day of __________, 2020.

____
Notary Public

EXHIBIT A

DEVELOPMENT PROPERTY

The real property and interests in such property located in the County of Hennepin, State of Minnesota and described as follows:

Parcel Numbers

Map ID	PID	Owner	Address
1	0611722230010	Melivn's 235 LLC	235 E. Lake St.
2	0611722230007	Melivn's 235 LLC	236 E. Lake St.
3	0611722320003	Melivn's 235 LLC	237 E. Lake St.
4	0611722230014	Melivn's 235 LLC	238 E. Lake St.

[Insert Actual Legal Descriptions]

EXHIBIT B

COVENANTS AND RESTRICTIONS

During the term of that certain Redevelopment Agreement between the Wayzata Housing and Redevelopment Authority (the "HRA"), the City of Wayzata (the "City"), and Melvin's 235, LLC (the "Developer"), dated April [____], 2020, and recorded in the Office of the Hennepin County Registrar as Document No. [__________] on [____________], 20[__], the Property shall be subject to the following covenants and restrictions:

1. The Property shall not be exempt from real estate taxes notwithstanding the ownership or use of the land.

2. The Property shall not be sold, transferred, conveyed or leased to any of the following parties:

(a) An institution of purely public charity;

(b) A church or ancillary tax-exempt housing;

(c) A public hospital;

(d) A public school district;

(e) An organization exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, if as a result of such sale, transfer, conveyance or lease the Property would become exempt from real estate taxes; or

(f) A Minnesota cooperative association organized under Minnesota Statutes, Section 308.05 and 308.18 for the purpose of complying with the provisions of Minnesota Statutes, Section 273.133, subdivision 3, or any other party that would cause the Property to be valued and assessed for real estate tax purposes at a lower percentage of its market value than the Property is then being valued and assessed for real estate tax purposes or would result in the Property becoming exempt from real estate taxes.

3. The Property shall not be used for any of the following purposes:

(a) The operation of a public charity;

(b) A church or house of worship;

(c) The operation of a public hospital;

(d) The operation of a public schoolhouse, academy, college, university or seminary of learning; or

(e) Any other use which would cause the Property to be valued and assessed for real estate tax purposes at a lower percentage of its market value than the Property is then being valued and assessed for real estate tax purposes or would result in the Property becoming exempt from real estate taxes.

4. The Property shall be devoted to uses consistent with a "redevelopment district" under Minnesota Statutes, Sections 469.174 through 469.1794.

5. The Property owner shall:

(a) not discriminate upon the basis of race, color, creed, religion, national origin, sex, marital status, disability, status with regard to public assistance, sexual orientation, and familial status in the sale, lease, or rental or in the use or occupancy of the Development Property, the Minimum Improvements or any part thereof;

(b) develop the Development Property in an orderly manner consistent with the City's zoning ordinances and comprehensive plan.

6. The covenants and restrictions herein contained shall run with the title to the Property and shall be binding upon all present and future owners and occupants of the Property; provided, however, that the covenants and restrictions herein contained shall inure only to the benefit of the City and may be released or waived in whole or in part at any time, and from time to time, by the sole act of the City, and variances may be granted to the covenants and restrictions herein contained by the sole act of the City. These covenants and restrictions shall be enforceable only by the City, and only the City shall have the right to sue for and obtain an injunction, prohibitive or mandatory, to prevent the breach of the covenants and restrictions herein contained, or to enforce the performance or observance thereof.

7. The covenants and restrictions herein contained shall remain in effect until the earlier of (i) February 1, 2046, or (ii) the date the City and the HRA terminate the TIF District.

EXHIBIT C

PROJECT DESCRIPTION; QUALIFIED COSTS

Project Description

The Project involves the construction of an approximately 35,930 square foot office facility with underground parking.

Qualified Costs

The estimated public costs of the TIF District are listed below. Such costs ("Qualified Costs") are eligible for reimbursement from tax increments of the TIF District. The categories below identify the categories of expenses that the parties agree may be reimbursed through tax increment financing. The amounts assigned to each category are estimates only and not independent limitations of Developer's Qualified Costs.

Demolition	$ 54,000
Soil Correction (excavation/piling/dewatering)	880,000
Structural slab	164,600
Fee in Lieu of Parking	730,000
Parking Garage	150,000*
Total	**$1,978,600****

*Preliminary, subject to change.

** Developer's Qualified Cost. The total principal amount of any and all tax increment notes issued to reimburse the Developer for Qualified Costs of the Project will not exceed $1,700,000.

EXHIBIT D

CERTIFICATE OF COMPLETION

WHEREAS, Melvin's 235, LLC, a Minnesota limited liability company ("the Developer"), is the owner and the Developer of the property in the County of Hennepin and State of Minnesota described on Exhibit A hereto and made a part hereof (the "Development Property"); and

WHEREAS, the Development Property is subject to the provisions of a certain Redevelopment Agreement (the "Agreement") in the Central Area Redevelopment District and Tax Increment Financing District No. 6 - Downtown West, dated as of April 1, 2020, between the Developer, Housing and Redevelopment Authority of the City of Wayzata, and the City of Wayzata, Minnesota; and

WHEREAS, the Developer has fully and duly performed all of the covenants and conditions of Developer under the Agreement with respect to the completion of the Project (as defined in the Agreement);

NOW, THEREFORE, it is hereby certified that all requirements of the Developer under the Agreement with respect to the completion of the Project have been completed and duly and fully performed, and this instrument is to be conclusive evidence of the satisfactory termination of the covenants and conditions of the Agreement as they relate to the completion of the Project. All other covenants and conditions of the Agreement shall remain in effect and are not terminated hereby.

Dated this ____ day of ____________, 20__.

CITY OF WAYZATA, MINNESOTA

By ____
Kenneth Willcox, Mayor

And ______________________________________
Jeffrey Dahl, City Manager

Exhibit A

Development Property

The real property and interests in such property located in the County of Hennepin, State of Minnesota and described as follows:

Parcel Numbers

Map ID	PID	Owner	Address
1	0611722230010	Melivn's 235 LLC	235 E. Lake St.
2	0611722230007	Melivn's 235 LLC	236 E. Lake St.
3	0611722320003	Melivn's 235 LLC	237 E. Lake St.
4	0611722230014	Melivn's 235 LLC	238 E. Lake St.

[Insert Actual Legal Descriptions]

EXHIBIT E

FORM OF LIMITED TAX INCREMENT REVENUE NOTE

No. R-_____ $[__________]

UNITED STATES OF AMERICA
STATE OF MINNESOTA
CITY OF WAYZATA
HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF WAYZATA

LIMITED REVENUE TAXABLE TAX INCREMENT NOTE
(HUGHES OFFICE PROJECT)

PRINCIPAL AMOUNT: $ **INTEREST RATE: [__]%**

The Housing and Redevelopment Authority of the City of Wayzata (the "HRA") for value received, promises to pay, but solely from the source, to the extent and in the manner hereinafter provided, to Melvin's 235, LLC, or its registered assigns (the "Owner"), the principal sum of one million seven hundred thousand dollars ($1,700,000), in semi-annual installments payable on August 1, 2022, and on each February 1 and August 1 thereafter up to and including February 1, 2046 (each being a "Scheduled Payment Date"), together with interest on the outstanding and unpaid principal balance of this Limited Tax Increment Revenue Note (Hughes Office Project) (this "Note") at the rate of five percent (5%) per annum. Installment payments shall be applied first to interest and then to a reduction of outstanding principal. Interest on the outstanding balance of this Note shall accrue from the date hereof as simple, non-compounding interest. Each payment on this Note is payable in any coin or currency of the United States of America which on the date of such payment is legal tender for public and private debts and shall be made by check or draft made payable to the Owner and mailed to the Owner at the postal address within the United States designated from time to time by the Owner.

This Note is subject to prepayment on any Scheduled Payment Date at the option of the HRA, in whole or in part, upon payment to the Owner of the principal amount of the Note to be prepaid, without premium or penalty.

This Note is a special and limited obligation and not a general obligation of the HRA, which has been issued by the HRA in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including M.S., Sections 469.174 through 469.1794. This Note is issued pursuant to the provisions of that certain Redevelopment Agreement, dated as of April 1, 2020, as the same may be amended from time to time (the "Redevelopment Agreement"), by and between the HRA, the City of Wayzata, Minnesota (the "City") and Melvin's 235, LLC (the "Developer").

THIS NOTE IS NOT PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN PLEDGED TAX INCREMENT, AS DEFINED BELOW.

The Note Payment Amounts due hereon shall be payable solely from a portion of the tax increments, less the HRA's administrative fee of ten percent (10%), from the Development Property within the HRA's Tax Increment Financing District No. 6 – Downtown West (the "Tax Increment District") within its Central Area Redevelopment District, which are paid to the HRA and which the HRA is entitled to retain pursuant to the provisions of M.S., Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the "Available Tax Increment"). The HRA makes no representation or covenant, express or implied, that the Available Tax Increments will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder.

The HRA shall pay to the Owner on each Scheduled Payment Date all Available Tax Increment on that date to the extent necessary to pay principal and interest then due and any past due installment. To the extent that the HRA is unable to pay the total principal and interest due on this Note at or prior to the February 1, 2046, maturity date hereof as a result of its having received as of such date insufficient Available Tax Increment, such failure shall not constitute a default under this Note and the HRA shall have no further obligation hereon.

This Note shall not be payable from or constitute a charge upon any funds of the HRA, and the HRA shall not be subject to any liability hereon or be deemed to have obligated itself to pay hereon from any funds except the Available Tax Increment, and then only to the extent and in the manner herein specified.

The Owner shall never have or be deemed to have the right to compel any exercise of any taxing power of the HRA or of any other public body, and neither the HRA nor any council member, officer, employee or agent of the HRA, nor any person executing or registering this Note shall be personally liable hereon by reason of the issuance or registration hereof or otherwise. The Owner may assign its rights hereunder, with notice thereof provided to HRA, in accordance with the associated TIF Agreement.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the HRA outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the HRA to exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, the Housing and Redevelopment Authority of the City of Wayzata has caused this Note to be executed by the manual signatures of the Chair and the Executive Director and has caused this Note to be dated as of _________________, 20__.

______________________________	______________________________
Thomas Shaver, Chair	Jeffrey Dahl, Executive Director

EHLERS
LEADERS IN PUBLIC FINANCE

Hughes Office Project (235 E. Lake Street) - No Inflation

City of Wayzata, MN

35,930 Sq. Ft. Office with Underground Parking

ASSUMPTIONS AND RATES

DistrictType:	**Redevelopment**	
District Name/Number:		
County District #:		
First Year Construction or Inflation on Value	**2020**	
Existing District - Specify No. Years Remaining	**24**	
Inflation Rate - Every Year:	**0.00%**	
Interest Rate:	**5.00%**	
Present Value Date:	**1-Aug-21**	
First Period Ending	1-Feb-22	
Tax Year District was Certified:	**Pay 2018**	
Cashflow Assumes First Tax Increment For Development:	2022	
Years of Tax Increment	24	
Assumes Last Year of Tax Increment	2045	
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	**Inside(B)**	
Incremental or Total Fiscal Disparities	**Incremental**	
Fiscal Disparities Contribution Ratio	35.2730%	Pay 2020
Fiscal Disparities Metro-Wide Tax Rate	142.4540%	Pay 2020
Maximum/Frozen Local Tax Rate:	100.688%	Pay 2018
Current Local Tax Rate: (Use lesser of Current or Max.)	98.532%	Pay 2020
State-wide Tax Rate (Comm./Ind. only used for total taxes)	38.8460%	Pay 2020
Market Value Tax Rate (Used for total taxes)	0.24153%	Pay 2020

Tax Rates

Exempt Class Rate (Exempt)		0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)		
First	$150,000	1.50%
Over	$150,000	2.00%
Commercial Industrial Class Rate (C/I)		2.00%
Rental Housing Class Rate (Rental)		1.25%
Affordable Rental Housing Class Rate (Aff. Rental)		
First	$162,000	0.75%
Over	$162,000	0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)		
First	$500,000	1.00%
Over	$500,000	1.25%
Homestead Residential Class Rate (Hmstd. Res.)		
First	$500,000	1.00%
Over	$500,000	1.25%
Agricultural Non-Homestead		1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
1	0611722230010	Melivn's 235 LLC	235 E. Lake St.	173,000		173,000	60%	103,800	Pay 2018	C/I	2,076	C/I	2,076	1
2	0611722230007	Melivn's 235 LLC	236 E. Lake St.	536,000		536,000	60%	321,600	Pay 2018	C/I	6,432	C/I	6,432	1
3	0611722320003	Melivn's 235 LLC	237 E. Lake St.	295,000	1,000	296,000	60%	177,600	Pay 2018	C/I Pref.	2,802	C/I Pref.	2,802	1
4	0611722230014	Melivn's 235 LLC	238 E. Lake St.	953,000		953,000	60%	571,800	Pay 2018	C/I	11,436	C/I	11,436	1
				1,957,000	1,000	1,958,000		**1,174,800**			**22,746**		**22,746**	

Note:

1. **Base values are values certified by County on 6/29/18. 60% is used to reflect property donation and replat.**
2. **Located in SD # 284 and WS #3**

Hughes Office Project (235 E. Lake Street) - No Inflation

City of Wayzata, MN

35,930 Sq. Ft. Office with Underground Parking

PROJECT INFORMATION (Project Tax Capacity)														
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2020	Percentage Completed 2021	Percentage Completed 2022	Percentage Completed 2023	First Year Full Taxes Payable
1	Office	350	350	35,930	12,575,500	C/I Pref.	250,760	7	50%	100%	100%	100%	2023
TOTAL					**12,575,500**		**250,760**						
Subtotal Residential				**0**	**0**		**0**						
Subtotal Commercial/Ind.				**35,930**	**12,575,500**		**250,760**						

Note:

1. Market values are based upon e-mail from County Assessor 3-12-20.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Office	250,760	88,451	162,309	159,927	126,001	96,828	30,374	413,129	11.50
TOTAL	250,760	88,451	162,309	159,927	126,001	96,828	30,374	413,129	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	413,129
less State-wide Taxes	(96,828)
less Fiscal Disp. Adj.	(126,001)
less Market Value Taxes	(30,374)
less Base Value Taxes	(14,507)
Annual Gross TIF	145,420

Hughes Office Project (235 E. Lake Street) - No Inflation

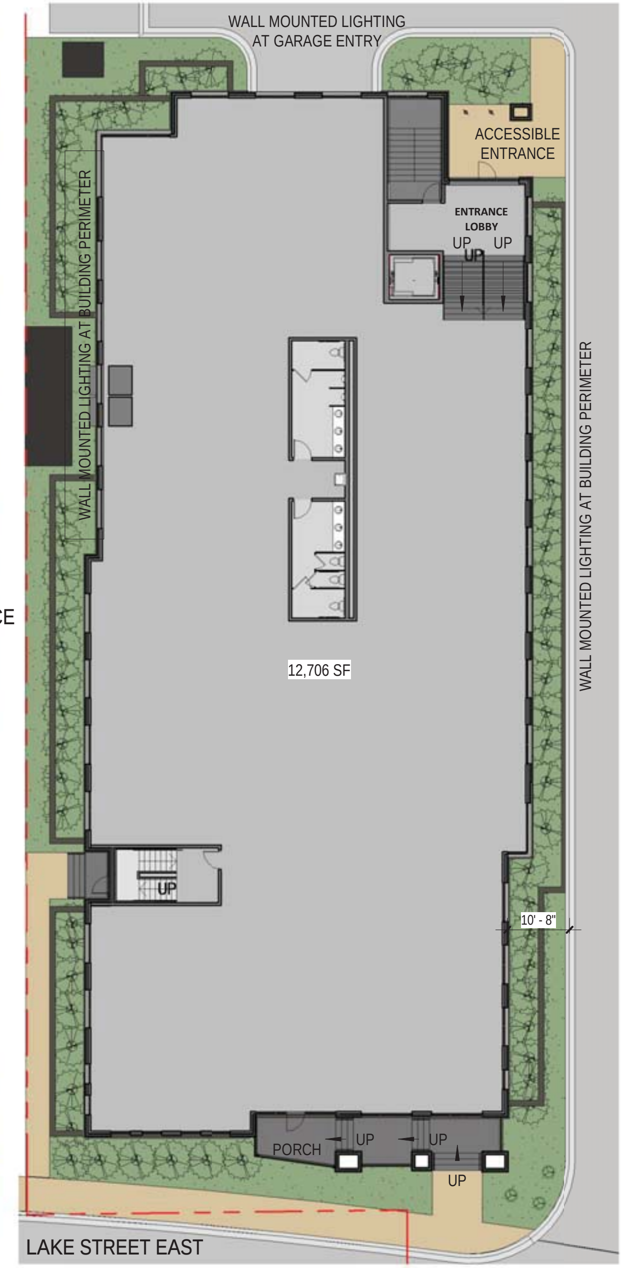
City of Wayzata, MN

35,930 Sq. Ft. Office with Underground Parking

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
							-	-	-	-				02/01/22
100%	125,380	(22,746)	(36,202)	66,432	98.532%	65,457	32,728	(118)	(3,261)	29,349	27,935	0.5	2022	08/01/22
							32,728	(118)	(3,261)	29,349	55,189	1	2022	02/01/23
100%	250,760	(22,746)	(80,427)	147,587	98.532%	145,420	72,710	(262)	(7,245)	65,203	114,260	1.5	2023	08/01/23
							72,710	(262)	(7,245)	65,203	171,891	2	2023	02/01/24
100%	250,760	(22,746)	(80,427)	147,587	98.532%	145,420	72,710	(262)	(7,245)	65,203	228,115	2.5	2024	08/01/24
							72,710	(262)	(7,245)	65,203	282,969	3	2024	02/01/25
100%	250,760	(22,746)	(80,427)	147,587	98.532%	145,420	72,710	(262)	(7,245)	65,203	336,484	3.5	2025	08/01/25
							72,710	(262)	(7,245)	65,203	388,694	4	2025	02/01/26
100%	250,760	(22,746)	(80,427)	147,587	98.532%	145,420	72,710	(262)	(7,245)	65,203	439,631	4.5	2026	08/01/26
							72,710	(262)	(7,245)	65,203	489,326	5	2026	02/01/27
100%	250,760	(22,746)	(80,427)	147,587	98.532%	145,420	72,710	(262)	(7,245)	65,203	537,808	5.5	2027	08/01/27
							72,710	(262)	(7,245)	65,203	585,108	6	2027	02/01/28
100%	250,760	(22,746)	(80,427)	147,587	98.532%	145,420	72,710	(262)	(7,245)	65,203	631,254	6.5	2028	08/01/28
							72,710	(262)	(7,245)	65,203	676,275	7	2028	02/01/29
100%	250,760	(22,746)	(80,427)	147,587	98.532%	145,420	72,710	(262)	(7,245)	65,203	720,198	7.5	2029	08/01/29
							72,710	(262)	(7,245)	65,203	763,049	8	2029	02/01/30
100%	250,760	(22,746)	(80,427)	147,587	98.532%	145,420	72,710	(262)	(7,245)	65,203	804,855	8.5	2030	08/01/30
							72,710	(262)	(7,245)	65,203	845,642	9	2030	02/01/31
100%	250,760	(22,746)	(80,427)	147,587	98.532%	145,420	72,710	(262)	(7,245)	65,203	885,434	9.5	2031	08/01/31
							72,710	(262)	(7,245)	65,203	924,255	10	2031	02/01/32
100%	250,760	(22,746)	(80,427)	147,587	98.532%	145,420	72,710	(262)	(7,245)	65,203	962,129	10.5	2032	08/01/32
							72,710	(262)	(7,245)	65,203	999,080	11	2032	02/01/33
100%	250,760	(22,746)	(80,427)	147,587	98.532%	145,420	72,710	(262)	(7,245)	65,203	1,035,129	11.5	2033	08/01/33
							72,710	(262)	(7,245)	65,203	1,070,299	12	2033	02/01/34
100%	250,760	(22,746)	(80,427)	147,587	98.532%	145,420	72,710	(262)	(7,245)	65,203	1,104,612	12.5	2034	08/01/34
							72,710	(262)	(7,245)	65,203	1,138,087	13	2034	02/01/35
100%	250,760	(22,746)	(80,427)	147,587	98.532%	145,420	72,710	(262)	(7,245)	65,203	1,170,746	13.5	2035	08/01/35
							72,710	(262)	(7,245)	65,203	1,202,608	14	2035	02/01/36
100%	250,760	(22,746)	(80,427)	147,587	98.532%	145,420	72,710	(262)	(7,245)	65,203	1,233,694	14.5	2036	08/01/36
							72,710	(262)	(7,245)	65,203	1,264,021	15	2036	02/01/37
100%	250,760	(22,746)	(80,427)	147,587	98.532%	145,420	72,710	(262)	(7,245)	65,203	1,293,608	15.5	2037	08/01/37
							72,710	(262)	(7,245)	65,203	1,322,474	16	2037	02/01/38
100%	250,760	(22,746)	(80,427)	147,587	98.532%	145,420	72,710	(262)	(7,245)	65,203	1,350,636	16.5	2038	08/01/38
							72,710	(262)	(7,245)	65,203	1,378,111	17	2038	02/01/39
100%	250,760	(22,746)	(80,427)	147,587	98.532%	145,420	72,710	(262)	(7,245)	65,203	1,404,915	17.5	2039	08/01/39
							72,710	(262)	(7,245)	65,203	1,431,066	18	2039	02/01/40
100%	250,760	(22,746)	(80,427)	147,587	98.532%	145,420	72,710	(262)	(7,245)	65,203	1,456,579	18.5	2040	08/01/40
							72,710	(262)	(7,245)	65,203	1,481,470	19	2040	02/01/41
100%	250,760	(22,746)	(80,427)	147,587	98.532%	145,420	72,710	(262)	(7,245)	65,203	1,505,754	19.5	2041	08/01/41
							72,710	(262)	(7,245)	65,203	1,529,445	20	2041	02/01/42
100%	250,760	(22,746)	(80,427)	147,587	98.532%	145,420	72,710	(262)	(7,245)	65,203	1,552,559	20.5	2042	08/01/42
							72,710	(262)	(7,245)	65,203	1,575,109	21	2042	02/01/43
100%	250,760	(22,746)	(80,427)	147,587	98.532%	145,420	72,710	(262)	(7,245)	65,203	1,597,109	21.5	2043	08/01/43
							72,710	(262)	(7,245)	65,203	1,618,572	22	2043	02/01/44
100%	250,760	(22,746)	(80,427)	147,587	98.532%	145,420	72,710	(262)	(7,245)	65,203	1,639,512	22.5	2044	08/01/44
							72,710	(262)	(7,245)	65,203	1,659,941	23	2044	02/01/45
100%	250,760	(22,746)	(80,427)	147,587	98.532%	145,420	72,710	(262)	(7,245)	65,203	1,679,872	23.5	2045	08/01/45
							72,710	(262)	(7,245)	65,203	1,699,316	24	2045	02/01/46
	Total						**3,410,118**	**(12,276)**	**(339,784)**	**3,058,057**				
		Present Value From 08/01/2021		**Present Value Rate**	**5.00%**		**1,894,951**	**(6,822)**	**(188,813)**	**1,699,316**				

SITE PLAN

1" = 60'-0"



1ST FLOOR

3/64" = 1'-0"

- PEDESTRIAN-SCALE LIGHTING, NOT EXCEEDING THIRTEEN (13) FEET IN HEIGHT, SHALL BE LOCATED ON WALKWAYS AND ADJACENT TO STORE ENTRANCES. ALL SIDEWALK LIGHTING MUST BE PROJECTED DOWNWARDS. CITY LIGHT STANDARD SHALL BE FOLLOWED FOR ALL PUBLIC STREETS.
- LIGHT POSTS SHALL BE OF A DARK COLOR.
- LIGHTING FIXTURES SHALL BE COMPATIBLE WITH THE ARCHITECTURE OF THE BUILDING.
- LIGHTS ATTACHED TO BUILDINGS SHALL BE SCREENED BY THE BUILDING'S ARCHITECTURAL FEATURES TO ELIMINATE GLARE TO ADJACENT PROPERTIES. ALL FAÇADE LIGHTING MUST BE PROJECTED DOWNWARDS.
- ALL LIGHTING FIXTURES SHALL COMPLY WITH CITY CODE SECTION 801.16.6 AS IT RELATES TO GLARE.

N

01/14/2020

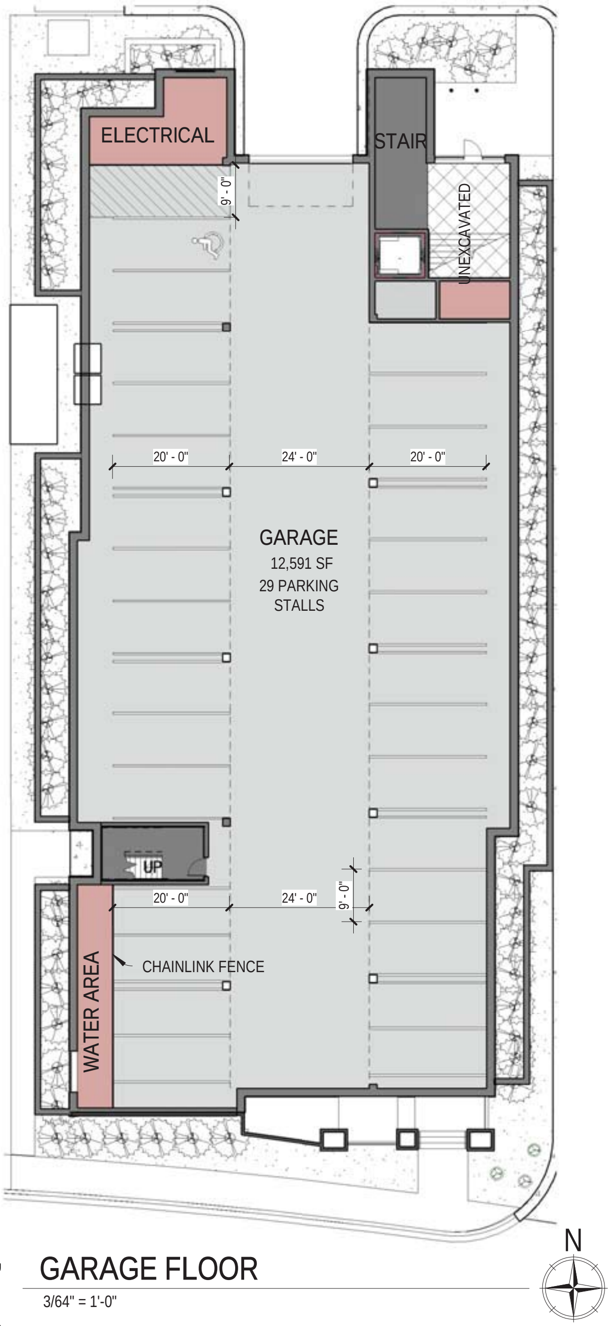
SITE PLAN / FIRST FLOOR PLAN

235 LAKE STREET EAST
WAYZATA, MINNESOTA

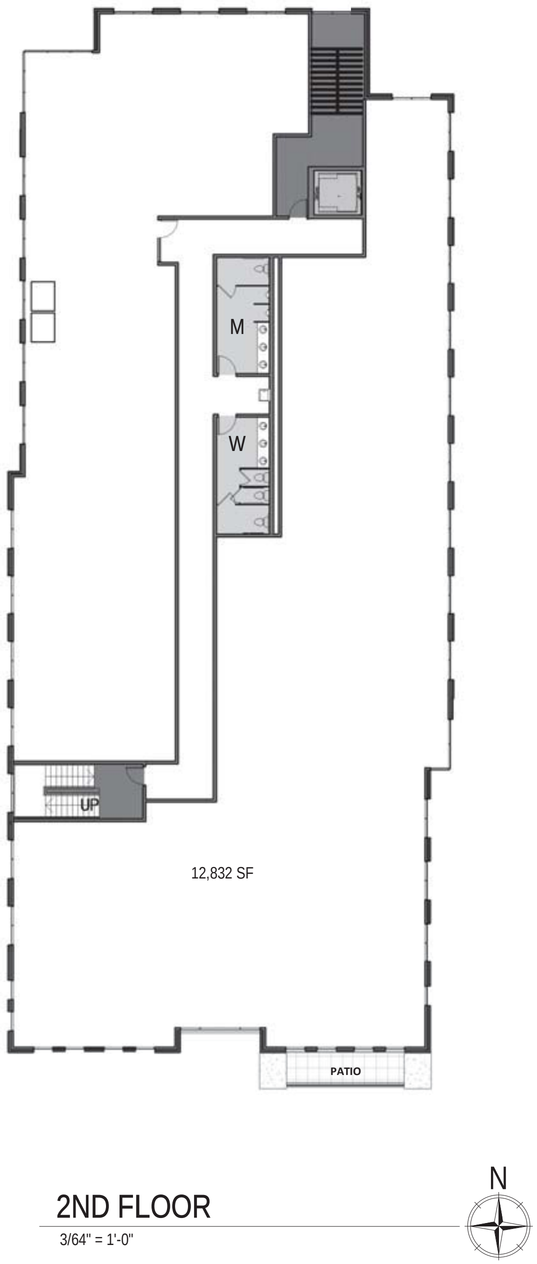
MDG Momentum Design Group

GROSS BUILDING AREA

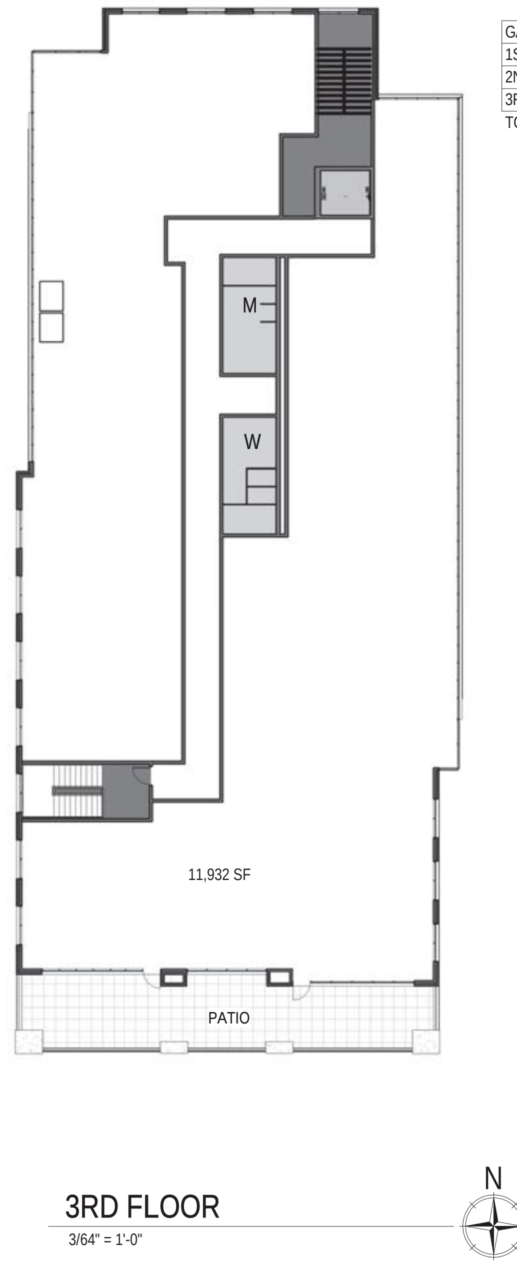
GARAGE	12591 SF
1ST FLOOR	12706 SF
2ND FLOOR	12832 SF
3RD FLOOR	11932 SF
TOTAL	50061 SF



GARAGE FLOOR
3/64" = 1'-0"



2ND FLOOR
3/64" = 1'-0"



3RD FLOOR
3/64" = 1'-0"

235 LAKE STREET EAST
WAYZATA, MINNESOTA
01/14/2020
FLOOR PLANS

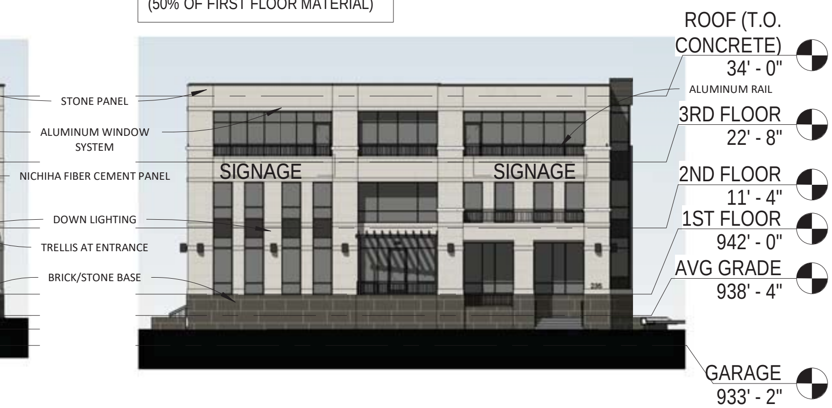
MDG Momentum Design Group

MATERIAL PERCENTAGES - EAST	
BRICK/STONE BASE	15%
STONE PANEL	38%
NICHIHA PANELS	12%
WINDOW / DOORS	35%

EAST ELEVATION

3/64" = 1'-0"

MATERIAL PERCENTAGES - SOUTH	
BRICK/STONE BASE	10%
STONE PANEL	49%
NICHIHA PANELS	1%
WINDOW / DOORS	40%
(50% OF FIRST FLOOR MATERIAL)	



SOUTH ELEVATION

3/64" = 1'-0"

MATERIAL PERCENTAGES - WEST	
BRICK/STONE BASE	14%
STONE PANEL	44%
NICHIHA PANELS	8%
WINDOW / DOORS	34%

WEST ELEVATION

3/64" = 1'-0"

MATERIAL PERCENTAGES - NORTH	
BRICK/STONE BASE	18%
STONE PANEL	35%
NICHIHA PANELS	5%
WINDOW / DOORS	42%

NORTH ELEVATION

3/64" = 1'-0"

235 LAKE STREET EAST
WAYZATA, MINNESOTA

01/14/2020

EXTERIOR ELEVATIONS

MDG Momentum Design Group

City of Wayzata
Housing and Redevelopment Authority
Agenda Report

MEETING DATE: April 21, 2020	**AGENDA ITEM:** 6.e
TITLE: Consider Approval of Tax Increment Financing Agreement (TIF) with Lothenbach Properties VI, LLC at 401 Lake Street East	
PROPOSED MOTION: To Approve the TIF Agreement with Lothenbach Properties VI and Authorize Staff to Implement the Terms of the Agreement	
PREPARED BY: Jeff Dahl, City Manager, Executive Director	
REVIEWED BY: N/A	

ACTION REQUESTED:
Staff recommends approval of the draft TIF Agreement.

FINANCIAL OR BUDGET CONSIDERATION:
Please see the attached memo from the City's Financial Advisor, Stacie Kvilvang at Ehlers and Associates that explains the general terms of the agreement. Ms. Kvilvang will be present at the meeting to go over the details.

BACKGROUND:
Since 2016, the City has been working with the HRA on a long-term redevelopment plan along Lake Street from Minnetonka Avenue to Ferndale Road with primary three goals: encourage redevelopment of the blighted properties with uses consistent with current zoning and comp plan; increase the amount of off-street public parking; and help pay for Lake Street-related infrastructure costs.

As a result, the HRA established TIF District #6 late in 2017 to help offset eligible costs of development such as parking, public infrastructure, site preparation, environmental mitigation, and soil stabilization.

Over the past six months, the City has worked with Lothenbach Properties, property owner of 401 Lake Street East on a development plan that would incorporate a three-story boutique office building with two levels of underground parking. In February of this year, the City granted all zoning entitlements for the project to move forward.

Upon approval of the TIF Agreement, the property owner plans to commence construction immediately.

ATTACHMENTS:
1. HRA Memo On TIF Agreement Terms 4-21-20
2. Wayzata - TIF Redevelopment Agreement (Lothenbach) (FINAL)
3. TIF Run 4-13-20 FINAL
4. Lothenbach Family Office Plans - 401 Lake Street East

Memo

To: Jeffrey Dahl – Executive Director

From: Stacie Kvilvang - Ehlers

Date: April 21, 2020

Subject: 401 Lake Street – Lothenbach Redevelopment Project

Robert Lothenbach (the "Developer") is proposing to redevelop his existing property at 401 East Lake Street into approximately 15,447 sq/ft of office/retail space and requested approximately $1.389 million in TIF assistance.

We reviewed the project based on general industry standards for construction, land, and project costs; lease rates and; developer profit. In our initial review we noted that total development costs (TDC) well exceeded the market norm for similar types of projects. The main factor was the cost of construction for the building as well as the tenant finishes. We reviewed the amount of assistance needed based upon their proforma and our modification to the developer's numbers to bring it in line with other similar projects within the City. As noted in the table below, the TDC was reduced from $1,109 sq. ft. to $620 sq. ft. through adjustments to those two primary categories:

SOURCES	Developer	Ehlers	Difference
Developer Equity	17,088,860	9,557,713	-7,531,147
TOTAL SOURCES	**$17,088,860**	**$9,557,713**	**-$7,531,147**

USES	Land sq. ft.	Amount	Per Sq. Ft.	Amount	Per Sq. Ft.	Difference
ACQUISITION COSTS		**2,624,692**		**2,624,692**		**0**
Land/Buildings	10,594	2,504,692	$236	2,504,692	$236	0
Demo/Asbestos Abatement		120,000		120,000		0
CONSTRUCTION COSTS		**13,345,998**		**6,273,931**		**864**
Building/Office		**7,016,722**	**$455**	**3,476,847**	**$226**	**-3,539,875**
Soil Correction		664,155		664,155		0
Sewer Installation		582,410		582,410		0
Tenant Improvements		**4,032,057**	**$262**	**499,865**	**$32**	**-3,532,192**
Site Improvements		50,264		50,264		0
Underground Parking		567,380		567,380		0
Green Roof		433,010		433,010		0
PROFESSIONAL SERVICES		**1,118,170**		**659,090**		**-459,080**
Arch., Eng., & Professional Fees		550,000		450,000		-100,000
Environmental		12,420		12,420		0
FF&E		226,500		20,000		-206,500
Legal - Development		50,000		50,000		0
Survey		8,500		8,500		0
Soft Cost Contingency		270,750		118,170		-152,580
Developer Fee		**0**		**0**		**0**
TOTAL		**$17,088,860**	**$1,109**	**$9,557,713**	**$620**	**-$489**

The Developer has approximately $1.366 million in qualified costs (soil correction/earthwork, moving existing sewer line and demolition). Based upon our review of their submitted proforma and our modified proforma with reduced costs, we recommend they receive $717,000 in TIF on a pay-as-you-go basis over a 24-year period (this is the principal amount generated over this term assuming a 5% present value/financing rate). Following are the main points within the above referenced Agreement:

1. **General**
    a. Redevelopment Agreement with Lothenbach Properties VI LLC for the Lothenbach VI LLC Project.

    b. Developer is required to pay any relocation costs or expenses required under federal law, if any, to current occupants and holds the HRA and City harmless from having to pay any of these costs.

    c. Developer has deposited $10,000 escrow with the City to pay for all legal and financial consultant work in conjunction with sizing of the TIF note and preparation of the TIF agreement. If $10,000 is not adequate, the developer is required to deposit additional funds until all costs are paid in full.

2. **Development and Timing of Construction**
    a. Construction of approximately 15,447 square foot office and retail complex and related underground parking

    b. Anticipated project valuation when redeveloped will be at least $6,200,000.

    c. Must commence construction by December 31, 2020 and be completed by July 1, 2022

3. **Development property**
    a. Developer represents that he is owner in fee simple of the property to be developed located at 401 East Lake Street.

    b. The Developer will record a Declaration of Restrictive Covenants that will be in place through the term of the TIF Note that states

        (1) the property will not exempt from property taxes and will not be sold or leased to a tax-exempt entity;

        (2) They will not discriminate on the basis of color, creed, national origin or sex in leasing, sale or use of the property; and

        (3) The property will be developed consistent with a redevelopment TIF district

    c. If the property has damage or is destructed, they have 120 days to commence repairs or reconstruction and those have to be substantially in the same condition and value as existed prior.

    d. Developer can't transfer ownership of property without the Written consent of the HRA, which will not be reasonable withheld.

4. **Tax Increment**
    a. The City created TIF District 6 – Downtown West on December 19, 2017

    b. The Developer will receive a pay-as-you-go note in the amount of $717,000 after providing proof of expenditures for qualified costs.

        i. Qualified costs are as follows:

Demolition	$120,000
Soil correction/earthwork	$664,155
Sewer Installation/relocation	$582,410
TOTAL	**$1,366,565**

        ii. Term of the TIF Note will be for 24 years

        iii. Interest will be paid at 5.00%

        iv. Developer will receive 90% of the tax increment generated from their project

    c. The Note will not be issued if there is an event of default and will only be issued after the Declaration of Restrictive Covenants has been recorded

    d. The developer has to inform the City/HRA if they petition for a reduction in their tax value. If this occurs, the HRA may suspend payments on the TIF Note until the petition is stipulated or dismissed.

    e. Project is exempt from Business Subsidy requirements (job and wage goals) due to falling under the redevelopment exclusion clause with the cost of acquiring and preparing the project for development exceeds 70% of the current taxable market value of the property (2019 assessment for pay 2020).

5. **Look Back**
    a. If the Developer's cumulative cash-on-cost return (net operating income divided by total development costs), exceeds 9% after stabilization, then the principal amount of the TIF Note will be reduced by 50% of the amount that results in a stabilized, cumulative cash-on-cost return equal to 9% over the term of the TIF Note. It should be noted that the Developers cash-on-cost return in the first stabilized year is 7.08% with TIF and 6.87% without TIF.

Please contact me at 651-697-8506 with any questions.

Execution

REDEVELOPMENT AGREEMENT

IN

CENTRAL AREA REDEVELOPMENT DISTRICT

AND

TAX INCREMENT FINANCING DISTRICT NO. 6 – DOWNTOWN WEST

WAYZATA,
HENNEPIN COUNTY, MINNESOTA

By and Among

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF WAYZATA,

CITY OF WAYZATA, MINNESOTA

And

LOTHENBACH PROPERTIES VI, LLC

for the

LOTHENBACH PROPERTIES VI, LLC PROJECT

Dated as of April 1, 2020

This Document Was Drafted By:

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REDEVELOPMENT AGREEMENT

THIS Redevelopment Agreement (this "Agreement"), made and entered into as of this 1st day of April, 2020, by and among the HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF WAYZATA, a body corporate and politic, duly organized under the laws of the State of Minnesota (the "HRA"), the CITY OF WAYZATA, a municipal corporation and political subdivision of the State of Minnesota (the "City"), and LOTHENBACH PROPERTIES VI, LLC, a Minnesota limited liability company (the "Developer").

WITNESSETH:

WHEREAS, the HRA has designated a Redevelopment District in the City denominated the Central Area Redevelopment District (the "Redevelopment District") and adopted a Redevelopment Plan (the "Redevelopment Plan") therefor, pursuant to and in accordance with Minnesota Statutes ("M.S."), Sections 469.001 through 469.047, as amended; and

WHEREAS, the HRA adopted a resolution establishing Tax Increment Financing District No. 6 - Downtown West, a "redevelopment district" (the "TIF District") pursuant to M.S., Section 469.174, Subdivision 10, and approved a Tax Increment Financing Plan therefor (the "TIF Plan"); and

WHEREAS, in order to achieve the objectives of the Redevelopment Plan and the TIF Plan, the HRA intends to provide assistance to the Developer through tax increment financing, as described in M.S., Sections 469.174 through 469.1794 (the "TIF Act"), to finance construction of an approximately 15,447 square foot office facility with underground parking (the "Project");

WHEREAS, the HRA has determined that, in order to accomplish the purposes specified in and to carry out the Redevelopment Plan and the TIF Plan, it is necessary and desirable for the HRA to reimburse the Developer for certain costs to be incurred and paid by the Developer in connection with the Project; and

WHEREAS, the City will apply tax increment revenues generated from the TIF District to (i) pay or reimburse the City for administrative expenses relating to the TIF District to the extent permitted by the TIF Act and (ii) reimburse the Developer, with interest, for certain costs incurred in connection with the construction of the Minimum Improvements (defined below) associated with the Project; and

WHEREAS, the HRA and the City believe that the development activities associated with the Project pursuant to this Agreement are in the best interests of the City and benefit the health, safety, morals and welfare of its residents, and comply with the applicable state and local laws and requirements under which the Project has been undertaken and is being assisted.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual obligations set forth in this Agreement, the parties hereto hereby agree as follows:

ARTICLE 1
Definitions

1.01. Definitions.

In this Agreement, unless a different meaning clearly appears from the context:

"Act" means M.S., Sections 469.001 through 469.047.

"Agreement" means this Agreement, as the same may be from time to time modified, amended or supplemented.

"Available Tax Increment" means 90 percent (90%) of the tax increment revenues generated by the Project as computed pursuant to M.S., Section 469.177, as amended from time to time.

"Business Subsidies Act" means M.S., Sections 116J.993 through 116J.995.

"Certificate of Completion" means a certification in the form attached hereto as Exhibit D, to be provided to the Developer pursuant to this Agreement.

"City" means the City of Wayzata, Minnesota.

"City Council" means the City Council of the City.

"Construction Plans" means the plans, specifications, drawings and related documents for the construction work to be performed by the Developer on the Development Property.

"County" means the County of Hennepin, Minnesota, a political subdivision of the State of Minnesota.

"Default Notice" means written notice from the City to the Developer setting forth the Event of Default and the action required to remedy the same.

"Developer" means Lothenbach Properties VI, LLC, a limited liability company under the laws of the State of Minnesota.

"Development Property" or "Property" means the real property described in Exhibit A attached hereto.

"Event of Default" means as any of the events set forth in Section 7.01 hereof.

"HRA" means the Housing and Redevelopment Authority of the City of Wayzata, a body corporate and politic, duly organized under the laws of the State.

"Legal and Administrative Expenses" means the fees and expenses incurred by the City or HRA in connection with review and analysis of the development proposed under this Agreement with the adoption and administration of the TIF Plan and establishment of the TIF District, the preparation of this Agreement and the issuance of the TIF Note including, but not limited to, attorney and municipal advisor fees and expenses;

"Minimum Improvements" means the minimum improvements to be undertaken by the Developer as a part of the Project on the Development Property all as further described in Exhibit C attached hereto.

"Mortgage" means any mortgage made by the Developer which covers, in whole or in part, the Development Property.

"Mortgagee" means the owner or holder of a Mortgage.

"M.S." means Minnesota Statutes.

"Project" means the construction of an approximately 15,447 square foot office facility with underground parking.

"Public Assistance" means the Available Tax Increment to be paid under Article 5 hereof.

"Qualified Costs" means costs incurred by Developer in connection with construction of the Minimum Improvements that are reimbursable from tax increment pursuant to Sections 469.174, Subd. 10 and 469.1761 of the TIF Act, which are shown on Exhibit C to this Agreement. The total principal amount of any and all tax increment notes issued to reimburse the Developer for Qualified Costs of the Project will not exceed $717,000.

"Redevelopment District" means Central Area Redevelopment District, designated pursuant to the Act.

"Redevelopment Plan" means the Redevelopment Plan developed for Central Area Redevelopment District.

"Restrictions" means the easements, covenants, conditions and restrictions set forth in Exhibit B attached hereto.

"Section" means a Section of this Agreement, unless used in reference to M.S.

"State" means the State of Minnesota.

"Termination Date" means the earlier of (i) February 1, 2046, (ii) the date the TIF Note is paid in full, (iii) the date on which the Tax Increment District expires or is otherwise terminated, or (iv) the date this Agreement is terminated or rescinded in accordance with its terms;

"TIF Act" means M.S., Sections 469.174 through 469.1794, as amended.

"TIF District" means Tax Increment Financing District No. 6 - Downtown West, a redevelopment district, established by the City Council on December 19, 2017.

"TIF Note" means the Tax Increment Revenue Note (Lothenbach Properties VI, LLC) to be executed by the HRA and delivered to the Developer pursuant to Article 5 hereof, the form of which is attached hereto as Exhibit E

"TIF Plan" means the Tax Increment Financing Plan for the TIF District approved by the City Council and HRA.

"Unavoidable Delay" means a failure or delay in a party's performance of its obligations under this Agreement, or during any cure period specified in this Agreement which does not entail the mere payment of money, not within the party's reasonable control, including but not limited to acts of God, governmental agencies, the other party, strikes, labor disputes (except disputes which could be resolved by using union labor), fire or other casualty, lack of materials, declarations of any state, federal or local government, pandemics, epidemics (including the COVID-19 virus); provided that within ten (10) days after a party impaired by the delay has actual (as opposed to constructive) knowledge of the delay it shall give the other party notice of the delay and the estimated length of the delay, and shall give the other party notice of the actual length of the delay within ten (10) days after the cause of the delay has ceased to exist. The parties shall pursue with reasonable diligence the avoidance and removal of any such delay. Unavoidable Delay shall not extend performance of any obligation unless the notices required in this definition are given as herein required.

ARTICLE 2
Representations and Warranties

2.01. HRA Representations.

The HRA makes the following representations to the Developer:

(a) The HRA is a body corporate and politic, duly organized and existing under the laws of the State. Under the provisions of the Act, the HRA has the power to enter into this Agreement and carry out its obligations hereunder.

(b) The HRA has designated the Redevelopment District and has adopted the Redevelopment Plan in accordance with the provisions of the Act and has created the TIF District and adopted the TIF Plan in accordance with the provisions of the TIF Act.

2.02. Developer Representations.

The Developer represents and warrants that:

(a) The Developer is a Minnesota limited liability company and has power to enter into this Agreement and has duly authorized, by all necessary corporate action, the execution and delivery of this Agreement.

(b) Developer will, subject to and as required by this Agreement, construct the Minimum Improvements in accordance with the terms of this Agreement, the TIF Plan and all applicable local, state and federal laws and regulations.

(c) It is anticipated that the Project will be constructed so that when completed the Development Property will have a market value as determined pursuant to Minnesota Statues, Section 273.11, of a minimum of $6,200,000.

(d) At such time or times as may be required by law, the Developer will have complied with all local, state and federal environmental laws and regulations applicable to the Minimum Improvements, and will have obtained any and all necessary environmental reviews, licenses and clearances. The Developer has received no written notice from any local, state or federal official that the activities of the Developer or the HRA with respect to the Development Property may be or will be in violation of any environmental law or regulation. The Developer has no actual knowledge of any facts the existence of which would cause it to be in violation of any local, state or federal environmental law, regulation or review procedure with respect to the Development Property.

(e) Neither the execution or delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented by, limited by, conflicts with, or results in a breach of, any restriction, agreement or instrument to which the Developer is now a party or by which the Developer is bound.

(f) The Developer has no actual knowledge that any member of the HRA, City Council, or any other officer of the HRA or City has any direct or indirect financial interest in the Developer, the Development Property, or the Project.

(g) The Developer will use commercially reasonable efforts to obtain, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all local, state and federal laws and regulations which must be obtained or met in connection with the Minimum Improvements. Without limitation to the foregoing, the Developer will request and seek to obtain from the HRA or the City all necessary variances, conditional use permits and zoning changes related to the Minimum Improvements.

(h) The Developer would not undertake the Project without the financial assistance to be provided by the City pursuant to this Agreement and the TIF Plan.

(i) Apart from the assistance to be provided under this Agreement, the Developer shall pay all standard charges and fees due with respect to real estate developments and allocable to the Development Property under City ordinances and the City code, including but not limited to special assessments for local improvements, sewer and water use charges, building permit fees, plat fees, inspection fees, storm water fees and the like used against the Development Property.

2.03. Use, Ownership of Development Property; Restrictions; Use of Development Property. The Developer's use of the Development Property shall be subject to and in compliance with all of the conditions, covenants, restrictions and limitations imposed by this Agreement, the Restrictions, and all applicable laws, ordinances and regulations.

2.04. Ownership of Development Property. The Developer hereby represents and warrants that it is the owner in fee simple of the Development Property and that there are no liens, defects or other encumbrances upon title to the Development Property that would hinder the development of the Development Property by the Developer as contemplated by this Agreement.

2.05. Declaration of Restrictive Covenants. The Developer shall prepare, execute, and record on the title to the Development Property a Declaration of Restrictive Covenants, in form approved by the City, which includes the Restrictions set forth in Exhibit B. If the Developer determines that operation of the Development Property and the Minimum Improvements would endanger the financial viability thereof, the Developer may request the HRA or City Council to consent to the amendment, modification or termination of any of the restrictions in any respect. The HRA and the City are under no obligation to amend, modify or terminate any of the restrictions and may, in their sole and absolute discretion, refuse to do so.

2.06. Damage or Destruction. Subject to any mortgage requirements that would require the Developer to act sooner, upon any damage or destruction of the Project, or any portion thereof, by fire or other casualty, the Developer shall within one hundred twenty (120) days after such damage or destruction, commence the process required to repair, reconstruct and restore the damaged or destroyed Project, or portion thereof, to substantially the same condition or utility value as existed prior to the event causing such damage or destruction and shall diligently pursue such repair, reconstruction and restoration.

2.07. Relocation Costs. The Developer shall pay all relocation costs or expenses required under federal or state law to be paid to any owner or occupant of the Development Property as a result of the Project, and shall indemnify and hold harmless the HRA and the City, their governing body members, officers, and agents including the independent contractors, consultants, and legal counsel, servants and employees thereof from any such relocation costs and expenses in accordance with the provisions of Section 4.01.

ARTICLE 3
Construction of Project

3.01. Construction Plans. Prior to commencing construction of the Minimum Improvements for the Project, the Developer shall make available to the City for review Construction Plans for the Project. The Construction Plans shall provide for construction of the Project in conformity with the Redevelopment Plan, the TIF Plan, this Agreement, and all applicable state and local laws and regulations. The City shall approve the Construction Plans in writing if, in the reasonable discretion of the City, the Construction Plans: (a) conform to the Redevelopment Plan, the TIF Plan, this Agreement, and to any subsequent amendments thereto approved by the City; (b) conform to all applicable federal, state and local laws, ordinances, rules and regulations; (c) are adequate to provide for construction of the Minimum Improvements; and (d) no Event of Default has occurred.

No approval by the City shall relieve the Developer of the obligation to comply with the terms of this Agreement, applicable federal, state and local laws, ordinances, rules and regulations, or to properly construct the Project. No approval by the City shall constitute a waiver of an Event of Default. Any disapproval of the Construction Plans shall set forth the reasons therefore and shall be made within thirty (30) days after the date of their receipt by the City. If the City rejects the Construction Plans, in whole or in part, the Developer shall submit new or corrected Construction Plans within thirty (30) days after written notification to the Developer of the rejection. The provisions of this Section relating to approval, rejection and resubmission of corrected Construction Plans shall continue to apply until the Construction Plans have been approved by the City.

3.02. Undertaking of Minimum Improvements.

(a) Subject to Unavoidable Delay, Developer shall commence the Project by December 31, 2020, and cause the Project to be completed in accordance with the terms of this Agreement by July 1, 2022.

(b) All work with respect to the Minimum Improvements shall be in substantial conformity with the Construction Plans approved by the City.

(c) The Developer shall not interfere with, or construct any improvements over, any public street or utility easement without the prior written approval of the City. All connections to public utility lines and facilities shall be subject to approval of the City (in accordance with City code) and any applicable private utility provider. Except for public improvements, which are undertaken by the City or other governmental body and assessed against benefited properties, all street and utility installations, relocations, alterations and restorations shall be at the Developer's expense and without expense to the City. The Developer, at its own expense, shall replace any public facilities or utilities damaged during the Project by the Developer or its agents or by others acting on behalf of or under the direction or control of the Developer.

3.03. Certificate of Occupancy; Certificate of Completion.

(a) Upon the Developer's request following the City's issuance of a certificate of occupancy with respect to the Project, the City will furnish the Developer with a Certificate of Completion for the Project, in substantially the form attached hereto as Exhibit D, as conclusive evidence of satisfaction and termination of the agreements and covenants of this Agreement with respect to the obligations of the Developer to complete the Project. The furnishing by the City of such Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any Mortgagee.

(b) If the City shall refuse or fail to provide a Certificate of Completion following the Developer's request, the City shall, within ten (10) days after the Developer's request, provide the Developer with a written statement specifying in what respects the Developer has failed to complete the Project in accordance with this Agreement, or is otherwise in default, and what measures or acts will be necessary, in the reasonable opinion of the City, for the Developer to obtain the Certificate of Completion.

3.04. Progress Reports. Until the Certificate of Completion is issued for the Project, the Developer shall make, in such detail as may reasonably be required by the HRA or the City, and forward to the HRA and the City, upon demand by either or both the HRA and the City (provided such demand shall not be made more frequently than quarterly in the absence of an Event of Default hereunder), a written report as to the actual progress of construction.

3.05. Access to Development Property. The Developer agrees to permit the City and HRA and any of their officers, employees or agents access to the Development Property at all reasonable times for the purpose of inspection of all work being performed in connection with the Project; provided, however, that neither the City nor HRA shall have an obligation to inspect such work.

3.06. Modification; Subordination. The HRA agrees to subordinate its rights under this Agreement to the holder of any Mortgage securing construction or permanent financing, in accordance with the terms of a subordination agreement in a form reasonably acceptable to the HRA.

ARTICLE 4
Defense of Claims; Insurance

4.01. Defense of Claims.

(a) The Developer shall indemnify and hold harmless the HRA, the City, their governing body members, officers, and agents including the independent contractors, consultants, and legal counsel, servants and employees thereof (hereinafter, for the purposes of this Section, collectively the "Indemnified Parties") for any expenses (including reasonable attorneys' fees), loss (excluding consequential, special or punitive damages except to the extent payable to third parties by any Indemnified Parties), damage to property, or death of any person occurring at or about, or resulting from any defect in, the Project; provided, however, the Developer shall not be required to indemnify any Indemnified Party for any claims or proceedings arising from any negligent, intentional misconduct, or unlawful acts or omissions of such Indemnified Party. Promptly after receipt by the HRA or the City of notice of the commencement of any action in respect of which indemnity may be sought against the Developer under this Section 4.01, such person will notify the Developer in writing of the commencement thereof, and, subject to the provisions hereinafter stated, the Developer shall assume the defense of such action (including the employment of counsel, who shall be counsel reasonably satisfactory to the HRA and the City) and the payment of expenses insofar as such action shall relate to any alleged liability in respect of which indemnity may be sought against the Developer. The HRA and the City shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall not be at the expense of the Developer unless the employment of such counsel has been specifically authorized by the Developer. Notwithstanding the foregoing, if the HRA or the City has been advised by independent counsel that there may be one or more legal defenses available to it which are different from or in addition to those available to the Developer, the Developer shall not be entitled to assume the defense of such action on behalf of the HRA or the City, but the Developer shall be responsible for the reasonable fees, costs and expenses (including the employment of counsel) of the HRA and the City in conducting their defense. The Developer shall not be liable to indemnify any person for any settlement of any such action effected without the Developer's consent. The omission to notify the Developer as herein provided will not relieve the Developer from any liability which they may have to any Indemnified Party pursuant hereto, otherwise than under this Section.

(b) The Developer agrees to protect and defend the Indemnified Parties, and further agrees to hold the aforesaid harmless, from any claim, demand, suit, action or other proceeding whatsoever by any person or entity arising or purportedly arising from the actions or inactions of the Developer (or other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project; provided that this indemnification shall not apply to the warranties made or obligations undertaken by the HRA or the City in this Agreement or to any actions undertaken by the HRA or the City which are not contemplated by this Agreement but shall, in any event, apply to any pecuniary loss (excluding consequential, special or punitive damages except to the extent payable to third parties by any of the Indemnified Parties) or penalty (including interest thereon from the date the loss is incurred or penalty is paid by the HRA or the City at a rate equal to the prime rate) as a result of the Project, as constructed and operated by the Developer, causing the TIF District to cease to qualify as a “redevelopment district” under the TIF Act or to violate limitations as to the use of the revenues therefrom as set forth in the TIF Act.

(c) All covenants, stipulations, promises, agreements and obligations of the HRA and the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the HRA and the City and not of any governing body member, officer, agent, servant or employee of the HRA or the City, as the case may be.

4.02. Insurance.

(a) Subject to the terms of any Mortgage relating to the Development Property, the Developer shall keep and maintain the Development Property and Minimum Improvements at all times insured against such risks and in such amounts, with such deductible provisions, as are customary in connection with facilities of the type and size comparable to the Minimum Improvements, and the Developer shall carry and maintain, or cause to be carried and maintained, and pay or cause to be paid timely the premiums for direct damage insurance covering all risks of loss, including, but not limited to, the following:

1. fire
2. extended coverage perils
3. vandalism and malicious mischief
4. boiler explosion (but only if steam boilers are present)
5. collapse

on a replacement cost basis in an amount equivalent to the full insurable value thereof. (“Full insurable value” shall include the actual replacement cost of the Minimum Improvements, exclusive of foundations and footings, without deduction for architectural, engineering, legal or administrative fees or for depreciation.) Insurance in effect with respect to any portion of the Minimum Improvements to be constructed, rehabilitated or renovated as a part of the Project prior to the issuance by the City of a Certificate of Completion under Section 3.03 hereof with respect thereto shall be maintained on an "all-risk" builder's risk basis during the course of construction. The policies required by this Section 4.02 shall be subject to a no coinsurance clause or contain an agreed amount clause, and may contain a deductibility provision not exceeding $25,000.

(b) Subject to the terms of any Mortgage relating to the Development Property, policies of insurance required by this Section 4.02 shall insure and be payable to the Developer, and shall provide for release of insurance proceeds to the Developer for restoration of loss. The City shall be furnished certificates showing the existence of such insurance. In case of loss, the Developer is hereby authorized to adjust the loss and execute proof thereof in the name of all parties in interest. On an annual basis and from time to time at the City or the HRA's request, the Developer shall file with the City or the HRA, as applicable, a certificate of insurance for each of the policies required under this Section.

ARTICLE 5
Public Assistance

5.01. Development CostsThe Developer has agreed to and shall be responsible to pay all of its respective costs of the Project, as herein provided. However, the HRA, in order to encourage the Developer to proceed with the construction of the Minimum Improvements, and to assist the Developer in paying the costs thereof, is willing to provide the Public Assistance and thereby reimburse the Developer for Qualified Costs, as permitted by the TIF Act and in accordance with the TIF Plan, that will be incurred by the Developer to construct the Minimum Improvements.

5.02. Reimbursement for Qualified Costs.

The HRA agrees to reimburse the Developer, using Available Tax Increment on a pay-as-you-go basis, for Qualified Costs of the Project. The City shall, upon completion of the Minimum Improvements of the Project and the issuance of a the Certificate of Completion therefor, make reimbursement payments pursuant to a limited revenue tax increment note for the Project, the form of which is attached hereto as Exhibit E, with said payments of principal and interest to be made on the dates (the "Payment Dates") specified in the TIF Note, subject to the following terms and conditions:

(a) The total principal amount of any and all TIF notes issued for the Project will not exceed seven hundred seventeen thousand ($717,000).

(b) The unpaid principal of the TIF Note shall bear simple non-compounding interest from the date of issuance of the TIF Note at five percent (5.00%) per annum. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months.

(c) No payments shall be made by the HRA to the Developer unless and until the Developer has provided written evidence reasonably satisfactory to the HRA that (i) Qualified Costs in the amount to be reimbursed from the Available Tax Increment have been incurred for the Project and paid by the Developer and (ii) the Certificate of Completion has been issued as contemplated in Section 3.03 hereof.

(d) The HRA shall be obligated to make the payments to the Developer required pursuant to this Section 5.02 *only from and to the extent of* the Available Tax Increment actually received from the TIF District for any tax year, and such payments shall never be considered to be a general obligation or indebtedness of the HRA.

(e) The HRA will retain 10% of the Tax Increment generated for administrative costs and apply the retained Tax Increment first to pay any administrative expenses relating to the Development Property to the extent permitted by the Tax Increment Act and to the extent that such expenses have not been paid or reimbursed to the HRA by the Developer. Any of the retained Tax Increment remaining after the payment of any administrative expenses then due and owing (the "Available Tax Increment") shall be paid to the Developer for reimbursement of the Qualified Costs plus interest on the Payment Dates.

(f) On the Calculation Date, as defined below, the amount of the TIF assistance provided pursuant to this Agreement will be subject to adjustment based on a targeted Cash-On-Cost Return of 9%. By the Calculation Date, the Developer must deliver to the HRA's consultant evidence of its Cash-On-Cost Return. The Cash-On-Cost Return shall be calculated by the HRA's consultant based on the Developer's pro forma financial statements submitted to the HRA's consultant.

If the Cumulative Annualized Cash-On-Cost Return exceeds 9%, then the principal amount of the TIF Note issued to the Developer will be reduced by 50% of the amount that results in a stabilized Cash-On-Cost Return equal to 9% over the term of the TIF Note, in which case the Developer shall deliver the TIF Note to the HRA in exchange for a new Note in the adjusted principal amount upon the HRA's written request.

For the purposes of this Section, the following terms have the following meanings:

"Calculation Date" means 60 days after the earliest of (i) the date of Stabilization, as defined below, of the Project; (ii) the date of any transfer of the Project (provided that the Developer and the HRA agree that the Calculation Date will occur prior to the actual transfer); or (iii) three years after the date of completion of the Project, as evidenced by the City's issuance of a final certificate of occupancy.

"Cash-on-Cost Return" means Net Operating Income divided by the sum of the total development costs, which excludes any grants or City, HRA, Federal, or State funds received by the Developer.

"Net Operating Income" means total income and other project-derived revenue, including payments under the TIF Note, less Operating Expenses.

"Operating Expenses" means reasonable and customary expenses incurred in operating the Project, including deposits to capital replacement reserves.

"Stabilization" is defined when the project has achieved 90% occupancy.

"Cumulative Annualized" is defined as the total accumulation of operating net income or loss activity from the date of the Certificate of Completion until the Calculation Date divided into an average annual amount.

(g) Upon thirty (30) days' written notice to the Developer, the HRA may prepay all or a portion of the outstanding principal balance due to the Developer pursuant to this Section 5.02 without penalty, on any date at a prepayment price equal to the outstanding principal balance to be prepaid plus accrued interest to the prepayment date.

(h) The HRA shall not be obligated to make any payments hereunder subsequent to the termination of this Agreement as provided in Section 8.06 hereof, and any amounts remaining unpaid as of such date (other than by reason of failure of the HRA to comply with the terms of this Agreement) shall be considered forgiven by the Developer and shall cease to be owing.

(i) The Developer may assign its rights under this Agreement (including the payments to be made to the Developer hereunder) to secure financing incurred by the Developer to pay costs of the Project, including but not limited to any Mortgagee, or, after Certificate of Completion has been issued by the City, to third parties.

5.03. Conditions Precedent to Provision of Public Assistance.

Upon payment by the Developer of Qualified Costs for the Project, the Developer will deliver to the HRA an instrument executed by the Developer (i) specifying the amount and nature of the Qualified Costs of the Minimum Improvements for the Project to be reimbursed and (ii) certifying that such costs have been paid to third parties unrelated to the Developer, or if any costs have been paid to third parties related to the Developer, that such costs do not exceed the reasonable and customary costs of services, labor or materials of comparable quality, dependability, availability and other pertinent criteria and that such costs have not previously been contained in an instrument furnished to the City pursuant to this Section 5.03. Together with such instrument, the Developer shall deliver to the HRA evidence reasonably satisfactory to the HRA of the payment by the Developer of such costs to be reimbursed. Thereafter, the HRA will provide to the Developer reimbursement for the Project, constituting a portion of the Public Assistance described in this Article 5, paid up to the maximum amount then due and payable, in accordance with Section 5.02.

5.04. Satisfaction of Conditions Precedent. Notwithstanding anything to the contrary contained herein, the City's obligation to reimburse the Developer for Qualified Costs shall be subject to satisfaction, or waiver in writing by the HRA, of all of the following conditions precedent:

(a) the conditions precedent in this Section 5.04 hereof have been satisfied;

(b) the Developer shall have cured any material title defects with respect to the Development Property;

(c) the Developer shall not be in default under the terms of this Agreement beyond any applicable cure period;

(d) the Developer shall have executed and recorded on the title to the Development Property, the Declaration of Restrictive Covenants, required by Section 2.05 hereof, as set forth in Exhibit B; and

(e) the Developer shall have (i) closed on or received commitments in financing sufficient to pay all costs to be incurred in connection with the Project, or (ii) provided the City and HRA with a written certification indicating that Developer intends to use cash to pay for all costs to be incurred in connection with the Project.

In the event that all of the above conditions required to be satisfied as provided in this Section 5.04 have not been satisfied by December 31, 2020, either the HRA or the Developer may terminate this Agreement if such conditions are not satisfied within ten (10) days following notice to the non-terminating party by the terminating party. Upon such termination, the provisions of this Agreement relating to the Minimum Improvements shall terminate and, except as provided in Article 8, neither the Developer nor the HRA shall have any further liability or obligation to the other hereunder.

5.05. Notice of Default. Whenever the HRA or the City shall deliver any notice or demand to the Developer with respect to any breach or default by the Developer in its obligations or covenants under this Agreement, the HRA or the City shall at the same time forward a copy of such notice or demand to each investor, lender, or holder of any permitted mortgage, lien or other similar encumbrance at the last address of such holder shown in the records of the HRA or the City. Each such investor, lender, or holder shall have the right, at its option, to cure or remedy such breach or default and to add the cost thereof to the mortgage debt and the lien of its mortgage; provided that if the breach or default is with respect to construction of the Project, nothing contained in this Agreement shall be deemed to permit or authorize such holder, either before or after foreclosure or action in lieu thereof, to undertake or continue the construction or completion of the Project without first having expressly assumed the obligation to the HRA and the City, by written agreement satisfactory to the HRA and the City, to complete the construction the Project in accordance with the plans and specifications therefor and this Agreement. Any such holder who shall properly complete the construction of the Project shall be entitled, upon written request made to the HRA and the City, to a certification by the HRA and the City to such effect in the manner provided in Section 3.03.

5.06. Real Property Taxes. Prior to the Termination Date, the Developer shall pay all real property taxes payable with respect to all and any parts of the Development Property acquired and owned by it until the Developer's obligations have been assumed by any other person pursuant to the provisions of this Agreement.

The Developer agrees that prior to the Termination Date:

(1) It will not seek administrative review or judicial review of the applicability of any tax statute relating to the ad valorem property taxation of real property contained on the Development Property determined by any tax official to

be applicable to the Project or the Developer or raise the inapplicability of any such tax statute as a defense in any proceedings with respect to the Development Property, including delinquent tax proceedings; provided, however, "tax statute" does not include any local ordinance or resolution levying a tax;

(2) It will not seek administrative review or judicial review of the constitutionality of any tax statute relating to the taxation of real property contained on the Development Property determined by any tax official to be applicable to the Project or the Developer or raise the unconstitutionality of any such tax statute as a defense in any proceedings, including delinquent tax proceedings with respect to the Development Property; provided, however, "tax statute" does not include any local ordinance or resolution levying a tax;

(3) It will not seek any tax deferral or abatement, either presently or prospectively authorized under M.S., Section 469.1813, or any other State or federal law, of the ad valorem property taxation of the Development Property between the date of execution of this Agreement and the Termination Date.

5.07. Action to Reduce Taxes. The Developer may seek through petition or other means to have the market value for the Development Property reduced. Until the TIF Note is fully paid, such activity must be preceded by written notice from the Developer. Upon receiving such notice, or otherwise learning of the Developer's intentions, the City may suspend payments due under the TIF Note until the actual amount of the reduction is determined, whereupon the City will make the suspended payments less any amount that the City is required to repay the County as a result any reduction in market value of the Development Property. During the period that the payments are subject to suspension, the City may make partial payments on the TIF Note if it determines, in its sole and absolute discretion, that the amount retained will be sufficient to cover any repayment which the County may require. The City's suspension of payments on the TIF Note pursuant to this Section shall not be considered a default under this Agreement.

5.08. Legal and Administrative Expenses. The Developer shall pay all Legal and Administrative Expenses in excess of the initial deposit of $10,000 paid to the City by the Developer that are incurred in connection with the negotiating, approval and documentation of this Agreement. Thereafter, Administrative Expenses shall be reimbursed in accordance with 5.02(e) of this Agreement or any amendment to this Agreement requested by the Developer.

ARTICLE 6
Prohibitions Against Assignment and Transfer

6.01. Transfer of Property and Assignment. Other than leases made in the ordinary course of business, the Developer has not made and will not make, or suffer to be made, any total or partial sale, assignment, conveyance, lease, or other transfer, with respect to this Agreement, the Project or Property or any part thereof or any interest therein (other than any Mortgage or Mortgages securing financing for the Project or other than any assignment of the payments to be made to the Developer under Section 5.02 hereof that is permitted under Section 5.02 hereof), or any contract or agreement to do any of the same, without the prior written approval of the HRA and the City, which shall not be unreasonably withheld or delayed. The HRA and the City shall be entitled to require as conditions to any such approval that: (i) the proposed transferee have the qualifications and financial responsibility, as reasonably determined by the HRA and the City, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer; (ii) the proposed transferee, by recordable instrument satisfactory to the HRA and the City shall, for itself and its successors and assigns, assume all of the obligations of the Developer under this Agreement. No transfer of, or change with respect to, ownership in the Project or Property or any part thereof, or any interest therein, however consummated or occurring and whether voluntary or involuntary, shall operate, legally or practically, to deprive or limit the HRA or the City of or with respect to any rights or remedies or controls provided in or resulting from this Agreement with respect to the Project or Property and the completion of the Project that the HRA or the City would have had, had there been no such transfer or change. There shall be submitted to the HRA and the City for review all legal documents relating to the transfer.

Notwithstanding the foregoing, this Section 6.01 shall not apply to any transfer or assignment: (i) to any entity controlling, controlled by or under common control with the Developer, (ii) to any entity in which the majority equity interest is owned by the parties that have a majority equity interest in the Developer, or (iii) that after giving effect to such transfer or assignment does not result in a change in control of the Developer.

Provided that no Event of Default exists hereunder, any such transfer or assignment shall release the Developer from its obligations hereunder upon execution and delivery to the HRA and the City by the transferee or assignee of an instrument in form and substance satisfactory to the HRA and the City by which the transferee or assignee assumes the obligations of the Developer hereunder.

Except as set forth in the immediately preceding paragraph, in the absence of a specific written agreement by the HRA and the City to the contrary, no approval of any assignment or transfer by the HRA and the City thereof with respect to any transfer or assignment shall be deemed to relieve the Developer, or any other party bound in any way by this Agreement or otherwise with respect to the completion of the Project, from any of their obligations with respect thereto.

6.02. Termination of Limitations on Transfer. The provisions of Section 6.01 shall terminate at such time as the Certificate of Completion has been issued by the City under Section 3.03 of this Agreement with respect to the Project; provided, however, that any assignment of the payments to be made to the Developer under Section 5.02 may only be assigned as permitted under Section 5.02 hereof.

ARTICLE 7
Event of Default; Fees

7.01. Events of Default. Subject to Unavoidable Delay, the following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean, whenever it is used in this Agreement (unless the context otherwise provides), any one or more of the following events which occurs and continues for more than thirty (30) days after written notice by the defaulting party of such default (and the term "default" shall mean any event which would with the passage of time or giving of notice, or both, be an "Event of Default" hereunder):

(a) Failure of the Developer to construct or reconstruct the Minimum Improvements as required hereunder.

(b) Failure of the Developer to furnish the Construction Plans as required hereunder.

(c) Failure of the Developer to pay to the HRA any amounts required to be paid by the Developer hereunder.

(d) Failure of the Developer or the HRA to observe and perform any other material covenant, condition, obligation or agreement on its part to be observed or performed hereunder.

(e) Failure of the Developer to pay any taxes on the Development Property prior to the same becoming delinquent.

(f) Filing of any voluntary petition in bankruptcy or similar proceedings by the Developer; general assignment for the benefit of creditors made by the Developer or admission in writing by the Developer of inability to pay its debts generally as they become due; or filing of any involuntary petition in bankruptcy or similar proceedings against the Developer which are not dismissed or stayed within sixty (60) days.

7.02. Remedies on Default. In the event the HRA or the City desires to exercise any of its rights or remedies as provided herein or otherwise available to the HRA or the City at law or in equity, the HRA or the City shall first provide written notice to Developer setting forth with specific particularity the Event of Default and the action required to cure or remedy the same (the "Default Notice"). Developer or any transferee or assignee under Section 6.01 hereof, shall have thirty (30) days from receipt of a Default Notice to cure or remedy the Event of Default specified in the Default Notice, or such longer period as may be reasonably required to complete the cure as soon as reasonably possible under the circumstances. If, following Developer's receipt of a Default Notice, Developer does not cure or remedy the Event of Default therein specified within the time provided above, the HRA or the City may take any one or more of the following actions at any time prior to Developer's curing or remedying the Event of Default:

(a) Suspend its performance under this Agreement until it receives assurances from Developer, deemed reasonably adequate by the HRA or the City, that Developer will cure its default and continue its performance under this Agreement.

(b) In the case of a material default that is not cured within a reasonable period of time, terminate all rights of Developer under this Agreement.

(c) Withhold the Certificate of Completion.

(d) Take whatever action at law or in equity may appear necessary or desirable to the HRA or the City to enforce performance and observance of any obligation, agreement, or covenant of Developer under this Agreement.

In the event the HRA or City should fail to observe or perform any covenant, agreement or obligation of the HRA or City on their part to be observed and performed under this Agreement, Developer may take any one or more of the following actions:

(e) Suspend its performance under this Agreement until it receives assurances from the HRA or City deemed adequate by Developer, that the HRA or City will cure its default and continue its performance under this Agreement.

(f) In the case of a material default that is not cured within a reasonable period of time, terminate all rights of the HRA or the City under this Agreement.

(g) Take whatever action at law or in equity may appear necessary or desirable to Developer to enforce performance and observance of any obligation, agreement, or covenant of the HRA or the City under this Agreement.

7.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to the HRA, the City, or to the Developer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the HRA, the City, or Developer to exercise any remedy reserved to them, it shall not be necessary to give notice, other than such notice as may be required under this Agreement.

7.04. Waivers. All waivers by any party to this Agreement shall be in writing. If any provision of this Agreement is breached by any party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

7.05. Agreement to Pay Attorneys' Fees. Whenever any Event of Default occurs and the HRA or the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of the Developer herein contained, the Developer agrees that it shall, on demand therefor, pay to the HRA or the City the reasonable fees of such attorneys and such other expenses so incurred by the HRA or the City.

ARTICLE 8
General Provisions

8.01. Conflicts of Interest; HRA and City Representatives Not Individually Liable. No member, official, employee, or consultant or employee of a consultant of the HRA or the City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, consultant or the consultant's employees or employee participate in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is directly or indirectly interested. No member, official, consultant or consultant's employee, or employee of the HRA or the City shall be personally liable to Developer, or any successor in interest, in the event of any default or breach by the HRA or the City or for any amount which may become due to Developer or successors or on any obligations under the terms of this Agreement. No member, official, consultant or consultant's employee, or employee of the Developer shall be personally liable to the City or the HRA, or any successor in interest, in the event of any default or breach by the Developer or for any amount which may become due to the HRA or the City on any obligations under the terms of this Agreement.

8.02. Equal Employment Opportunity. Developer, for itself and its successors and assigns, agrees that during the construction of the Project it will comply with any applicable affirmative action and nondiscrimination laws or regulations.

8.03. Restrictions on Use. Developer agrees for itself, and its successors and assigns, and every successor in interest to the Development Property, or any part thereof, that Developer, and such successors and assigns, shall devote the Development Property to, and only to and in accordance with, the uses specified in the Redevelopment Plan, this Agreement and other agreements entered into between the Developer and the City, and shall not discriminate upon the basis of race, color, creed, religion, national origin, sex, marital status, disability, status with regard to public assistance, sexual orientation, and familial status in the sale, lease, or rental or in the use or occupancy of the Development Property or any improvements erected or to be erected thereon, or any part thereof.

8.04. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

8.05. Business Subsidies Act.

The Developer warrants and represents that the Developer's investment in the purchase of the Development Property and in site preparation shall equal at least 70% of the City Assessor's finalized market value of the Development Property for the 2020 assessment year (the most recent year for which finalized values are available), based on the following calculations:

Aggregate cost of acquisition of Development Property…….……...$2,500,000

Plus Estimated cost of site preparation.................…………………. $1,366,565

Less site preparation costs reimbursed by the Authority….. ……….. ($717,000)

Equals net land and site preparation cost.................……………….. $3,149,565

Assessor's finalized market value
of Development Property (2020)………………...................……….$2,119,000

$3,149,565 (net acquisition and site preparation cost) is 148.63% of $2,119,000 (Assessor's finalized fair market value of the Development Property for 2020).

Accordingly, the parties agree and understand that the financial assistance described in this Agreement does not constitute a business subsidy within the meaning of the Business Subsidy Act. To the extent permitted by applicable law, the Developer releases and waives any claim against the HRA and its governing body members, officers, agents, servants and employees thereof arising from application of the Business Subsidy Act to this Agreement, including without limitation any claim that the HRA failed to comply with the Business Subsidy Act with respect to this Agreement.

8.06. Term of Agreement. This Agreement shall terminate upon the earlier to occur of (i) February 1, 2046, (ii) the date the TIF Note is paid in full, (iii) the date on which the Tax Increment District expires or is otherwise terminated, or (iv) the date this Agreement is terminated or rescinded in accordance with its terms; it being expressly agreed and understood that the provisions of this Agreement are intended to survive the expiration and satisfaction of any security instruments placed of record contemporaneously with this Agreement, if such expiration and satisfaction occurs prior to the expiration of the term of this Agreement, as stated in this Section 8.06.

8.07. Provisions Surviving Termination. Sections 4.01 and 7.05 hereof shall survive any termination, rescission, or expiration of this Agreement with respect to or arising out of any event, occurrence, or circumstance existing prior to the date thereof.

ARTICLE 9
Administrative Provisions

9.01. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under this Agreement by any party to another party shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally as follows:

(a) in the case of Developer, addressed to or delivered personally to:

Lothenbach Properties VI, LLC
328 Barry Avenue South
Suite 100
Wayzata, MN 55391
Attention: Robert J. Lothenbach

With a copy to:

Fredrikson & Byron, P.A.
200 South Sixth Street, Suite 4000
Minneapolis, MN 55402
Attn: Nicholas J. Monson

(b) in the case of the City, addressed or delivered personally to:

City of Wayzata

Wayzata City Hall
600 Rice Street East
Wayzata, MN 55391
Attention: City Manager

(c) in the case of the HRA, addressed or delivered personally to:

Housing and Redevelopment Authority
of the City of Wayzata
600 Rice Street East
Wayzata, MN 55391
Attention: Executive Director

The HRA, City and the Developer, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications should be sent.

9.02. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

9.03. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the HRA, the City and the Developer and their respective successors and assigns.

9.04. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

9.05. Amendments, Changes and Modifications. This Agreement may be amended or any of its terms modified only by written amendment authorized and executed by the HRA, the City, and the Developer. The Chair and Executive Director of the HRA are authorized to execute and deliver amendments and any documents related to this Agreement on behalf of the HRA. The Mayor and City Manager are authorized to execute and deliver amendments and any documents related to this Agreement on behalf of the City.

9.06. Further Assurances and Corrective Instruments. The HRA, the City, and the Developer agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Development Property or the Minimum Improvements or for carrying out the expressed intention of this Agreement.

9.07. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope of intent of any provisions or Sections of this Agreement.

9.08. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota without giving effect to the conflicts-of-laws principles thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

HOUSING AND REDEVELOPMENT
AUTHORITY OF THE CITY OF WAYZATA

By ____
Thomas Shaver, Chair

And ____
Jeffrey Dahl, Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me on this ____ day of ________, 2020, by Thomas Shaver, the Chair, and Jeffrey Dahl, the Executive Director, of the Housing and Redevelopment Authority of the City of Wayzata, a body politic and corporate under the laws of the state of Minnesota, on behalf of the Authority.

IN WITNESS WHEREOF, I have set my hand and my official seal this ____ day of _____________, 2020.

____
Notary Public

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

CITY OF WAYZATA, MINNESOTA

By ______________________________________
Kenneth Willcox, Mayor

And _____________________________________
Jeffrey Dahl, City Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me on this ____ day of ______________, 2020, by Kenneth Willcox, the Mayor, and Jeffrey Dahl, the City Manager, of the City of Wayzata, a Minnesota municipal corporation, on behalf of the corporation.

IN WITNESS WHEREOF, I have set my hand and my official seal this ____ day of _____________, 2020.

____
Notary Public

LOTHENBACH PROPERTIES VI, LLC, a Minnesota limited liability company

By: ______________________________________
Robert J. Lothenbach

Its: President

STATE OF MINNESOTA)
) ss.
COUNTY OF __________)

The foregoing instrument was acknowledged before me on this ___ day of ___________, 2020, by Robert J. Lothenbach, the President of Lothenbach Properties VI, LLC, a Minnesota limited liability company, on behalf of the company.

IN WITNESS WHEREOF, I have set my hand and my official seal this ___ day of __________, 2020.

____
Notary Public

EXHIBIT A

DEVELOPMENT PROPERTY

The real property and interests in such property located in the County of Hennepin, State of Minnesota and described as follows:

Parcel Numbers

06-117-22-31-0103

EXHIBIT B

COVENANTS AND RESTRICTIONS

During the term of that certain Redevelopment Agreement between the Wayzata Housing and Redevelopment Authority, the City of Wayzata, and Lothenbach Properties VI, LLC, dated April 1, 2020, and recorded in the Office of the Hennepin County Registrar as Document No. [__________] on [____________], 20[__], the Property shall be subject to the following covenants and restrictions:

1. The Property shall not be exempt from real estate taxes notwithstanding the ownership or use of the land.

2. The Property shall not be sold, transferred, conveyed or leased to any of the following parties:

(a) An institution of purely public charity;

(b) A church or ancillary tax-exempt housing;

(c) A public hospital;

(d) A public school district;

(e) An organization exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, if as a result of such sale, transfer, conveyance or lease the Property would become exempt from real estate taxes; or

(f) A Minnesota cooperative association organized under Minnesota Statutes, Section 308.05 and 308.18 for the purpose of complying with the provisions of Minnesota Statutes, Section 273.133, subdivision 3, or any other party that would cause the Property to be valued and assessed for real estate tax purposes at a lower percentage of its market value than the Property is then being valued and assessed for real estate tax purposes or would result in the Property becoming exempt from real estate taxes.

3. The Property shall not be used for any of the following purposes:

(a) The operation of a public charity;

(b) A church or house of worship;

(c) The operation of a public hospital;

(d) The operation of a public schoolhouse, academy, college, university or seminary of learning; or

(e) Any other use which would cause the Property to be valued and assessed for real estate tax purposes at a lower percentage of its market value than the Property is then being valued and assessed for real estate tax purposes or would result in the Property becoming exempt from real estate taxes.

4. The Property shall be devoted to uses consistent with a "redevelopment district" under Minnesota Statutes, Sections 469.174 through 469.1794.

5. The Property owner shall:

(a) not discriminate upon the basis of race, color, creed, religion, national origin, sex, marital status, disability, status with regard to public assistance, sexual orientation, and familial status in the sale, lease, or rental or in the use or occupancy of the Development Property, the Minimum Improvements or any part thereof;

(b) develop the Development Property in an orderly manner consistent with the City's zoning ordinances and comprehensive plan.

6. The covenants and restrictions herein contained shall run with the title to the Property and shall be binding upon all present and future owners and occupants of the Property; provided, however, that the covenants and restrictions herein contained shall inure only to the benefit of the City and may be released or waived in whole or in part at any time, and from time to time, by the sole act of the City, and variances may be granted to the covenants and restrictions herein contained by the sole act of the City. These covenants and restrictions shall be enforceable only by the City, and only the City shall have the right to sue for and obtain an injunction, prohibitive or mandatory, to prevent the breach of the covenants and restrictions herein contained, or to enforce the performance or observance thereof.

7. The covenants and restrictions herein contained shall remain in effect until the earlier of (i) February 1, 2046, or (ii) the date on which the Tax Increment District expires or is otherwise terminated.

EXHIBIT C

PROJECT DESCRIPTION; QUALIFIED COSTS

Project Description

The Project involves the demolition, site preparation, and construction of an approximately 15,447 square foot office facility with underground parking (collectively with the improvements in the Qualified Costs categories below, the "**Minimum Improvements**").

Qualified Costs

The estimated public costs of the TIF District are listed below. Such costs ("Qualified Costs") are eligible for reimbursement from tax increments of the TIF District. The categories below identify the categories of expenses that the parties agree may be reimbursed through tax increment financing. The amounts assigned to each category are estimates only and not independent limitations of Developer's Qualified Costs.

Demolition	$ 120,000
Environmental and Soil Correction (earth retention/shoring)	664,155
Public Improvements (Sewer Installation/retention/shoring)	582,410
Underground Parking (20% additional cost for 2nd level)	113,476
Total	**$1,480,041***

* Developer's Qualified Cost. The total principal amount of any and all tax increment notes issued to reimburse the Developer for Qualified Costs of the Project will not exceed $717,000.

EXHIBIT D

CERTIFICATE OF COMPLETION

WHEREAS, Lothenbach Properties VI, LLC, a Minnesota limited liability company ("the Developer"), is the owner and the Developer of the property in the County of Hennepin and State of Minnesota described on Exhibit A hereto and made a part hereof (the "Development Property"); and

WHEREAS, the Development Property is subject to the provisions of a certain Redevelopment Agreement (the "Agreement") in the Central Area Redevelopment District and Tax Increment Financing District No. 6 - Downtown West, dated as of April 1, 2020, between the Developer, Housing and Redevelopment Authority of the City of Wayzata, and the City of Wayzata, Minnesota; and

WHEREAS, the Developer has fully and duly performed all of the covenants and conditions of Developer under the Agreement with respect to the completion of the Project (as defined in the Agreement);

NOW, THEREFORE, it is hereby certified that all requirements of the Developer under the Agreement with respect to the completion of the Project have been completed and duly and fully performed, and this instrument is to be conclusive evidence of the satisfactory termination of the covenants and conditions of the Agreement as they relate to the completion of the Project. All other covenants and conditions of the Agreement shall remain in effect and are not terminated hereby.

Dated this ____ day of ____________, 20__.

CITY OF WAYZATA, MINNESOTA

By ____
Kenneth Willcox, Mayor

And ____
Jeffrey Dahl, City Manager

Exhibit A

Development Property

The real property and interests in such property located in the County of Hennepin, State of Minnesota and described as follows:

Parcel Numbers

06-117-22-31-0103

EXHIBIT E

FORM OF LIMITED TAX INCREMENT REVENUE NOTE

No. R-_____ $[__________]

UNITED STATES OF AMERICA
STATE OF MINNESOTA
CITY OF WAYZATA
HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF WAYZATA

LIMITED REVENUE TAXABLE TAX INCREMENT NOTE
(LOTHENBACH PROPERTIES VI, LLC PROJECT)

PRINCIPAL AMOUNT: **INTEREST RATE: 5.00%**

The Housing and Redevelopment Authority of the City of Wayzata (the "HRA") for value received, promises to pay, but solely from the source, to the extent and in the manner hereinafter provided, to Lothenbach Properties VI, LLC, or its registered assigns (the "Owner"), the principal sum of seven hundred seventeen thousand dollars ($717,000), in semi-annual installments payable on August 1, 2022, and on each February 1 and August 1 thereafter up to and including February 1, 2046 (each being a "Scheduled Payment Date"), together with interest on the outstanding and unpaid principal balance of this Limited Tax Increment Revenue Note (Lothenbach Properties VI, LLC Project) (this "Note") at the rate of five percent (5%) per annum. Installment payments shall be applied first to interest and then to a reduction of outstanding principal. Interest on the outstanding balance of this Note shall accrue from the date hereof as simple, non-compounding interest. Each payment on this Note is payable in any coin or currency of the United States of America which on the date of such payment is legal tender for public and private debts and shall be made by check or draft made payable to the Owner and mailed to the Owner at the postal address within the United States designated from time to time by the Owner.

This Note is subject to prepayment on any Scheduled Payment Date at the option of the HRA, in whole or in part, upon payment to the Owner of the principal amount of the Note to be prepaid, without premium or penalty.

This Note is a special and limited obligation and not a general obligation of the HRA, which has been issued by the HRA in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including M.S., Sections 469.174 through 469.1794. This Note is issued pursuant to the provisions of that certain Redevelopment Agreement, dated as of April 1, 2020, as the same may be amended from time to time (the "Redevelopment Agreement"), by and between the HRA, the City of Wayzata, Minnesota (the "City") and Lothenbach Properties VI, LLC (the "Developer").

THIS NOTE IS NOT PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN PLEDGED TAX INCREMENT, AS DEFINED BELOW.

The Note Payment Amounts due hereon shall be payable solely from a portion of the tax increments, less the HRA's administrative fee of ten percent (10%), from the Development Property within the HRA's Tax Increment Financing District No. 6 – Downtown West (the "Tax Increment District") within its Central Area Redevelopment District, which are paid to the HRA and which the HRA is entitled to retain pursuant to the provisions of M.S., Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the "Available Tax Increment"). The HRA makes no representation or covenant, express or implied, that the Available Tax Increments will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder.

The HRA shall pay to the Owner on each Scheduled Payment Date all Available Tax Increment on that date to the extent necessary to pay principal and interest then due and any past due installment. To the extent that the HRA is unable to pay the total principal and interest due on this Note at or prior to the February 1, 2046 maturity date hereof as a result of its having received as of such date insufficient Available Tax Increment, such failure shall not constitute a default under this Note and the HRA shall have no further obligation hereon.

This Note shall not be payable from or constitute a charge upon any funds of the HRA, and the HRA shall not be subject to any liability hereon or be deemed to have obligated itself to pay hereon from any funds except the Available Tax Increment, and then only to the extent and in the manner herein specified.

The Owner shall never have or be deemed to have the right to compel any exercise of any taxing power of the HRA or of any other public body, and neither the HRA nor any council member, officer, employee or agent of the HRA, nor any person executing or registering this Note shall be personally liable hereon by reason of the issuance or registration hereof or otherwise. The Owner may assign its rights hereunder, with notice thereof provided to HRA, in accordance with the associated TIF Agreement.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the HRA outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the HRA to exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, the Housing and Redevelopment Authority of the City of Wayzata has caused this Note to be executed by the manual signatures of the Chair and the Executive Director and has caused this Note to be dated as of _________________, 20__.

______________________________	______________________________
Thomas Shaver, Chair	Jeffrey Dahl, Executive Director

401 E. Lake Street - No Inflation

City of Wayzata, MN

Office/Retail

ASSUMPTIONS AND RATES

DistrictType:	**Redevelopment**	
District Name/Number:		
County District #:		
First Year Construction or Inflation on Value	**2020**	
Existing District - Specify No. Years Remaining	**24**	
Inflation Rate - Every Year:	**0.00%**	
Interest Rate:	**5.00%**	
Present Value Date:	**1-Aug-21**	
First Period Ending	1-Feb-22	
Tax Year District was Certified:	**Pay 2018**	
Cashflow Assumes First Tax Increment For Development:	2022	
Years of Tax Increment	24	
Assumes Last Year of Tax Increment	2045	
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	**Inside(B)**	
Incremental or Total Fiscal Disparities	**Incremental**	
Fiscal Disparities Contribution Ratio	35.2730%	Pay 2020
Fiscal Disparities Metro-Wide Tax Rate	142.4540%	Pay 2020
Maximum/Frozen Local Tax Rate:	100.688%	Pay 2018
Current Local Tax Rate: (Use lesser of Current or Max.)	98.532%	Pay 2020
State-wide Tax Rate (Comm./Ind. only used for total taxes)	38.8460%	Pay 2020
Market Value Tax Rate (Used for total taxes)	0.24153%	Pay 2020

Tax Rates

Exempt Class Rate (Exempt)			0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)			
	First	$150,000	1.50%
	Over	$150,000	2.00%
Commercial Industrial Class Rate (C/I)			2.00%
Rental Housing Class Rate (Rental)			1.25%
Affordable Rental Housing Class Rate (Aff. Rental)			
	First	$162,000	0.75%
	Over	$162,000	0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)			
	First	$500,000	1.00%
	Over	$500,000	1.25%
Homestead Residential Class Rate (Hmstd. Res.)			
	First	$500,000	1.00%
	Over	$500,000	1.25%
Agricultural Non-Homestead			1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
1	611722310103	Lothenbach Propert	401 Lake Street E.	1,083,000	287,000	1,370,000	100%	1,370,000	Pay 2018	C/I Pref.	26,650	C/I Pref.	26,650	1
				1,083,000	287,000	1,370,000		**1,370,000**			**26,650**		**26,650**	

Note:

1. **Base valuesand frozen tax rate are per County Certification.**
2. **Located in SD # 284 and WS #3**

401 E. Lake Street - No Inflation

City of Wayzata, MN

Office/Retail

PROJECT INFORMATION (Project Tax Capacity)														
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2020	Percentage Completed 2021	Percentage Completed 2022	Percentage Completed 2023	First Year Full Taxes Payable
1	Office	350	350	13,772	4,820,200	C/I Pref.	95,654	7	50%	100%	100%	100%	2023
1	Retail	350	350	1,675	586,250	C/I	11,725	7	50%	100%	100%	100%	2023
	Parking		22,857	35	800,000	C/I	16,000	457	50%	100%	100%	100%	2023
TOTAL					**6,206,450**		**123,379**						
Subtotal Residential				**0**	**0**		**0**						
Subtotal Commercial/Ind.				**15,482**	**6,206,450**		**123,379**						

Note:

1. Market values are based upon County assessor's estimate on 2-11-2020.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Office	95,654	33,740	61,914	61,005	48,064	36,575	11,642	157,286	11.42
Retail	11,725	4,136	7,589	7,478	5,892	3,778	1,416	18,563	11.08
Parking	16,000	5,644	10,356	10,204	8,040	5,438	1,932	25,615	731.85
TOTAL	123,379	43,519	79,860	78,687	61,995	45,791	14,990	201,464	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	201,464
less State-wide Taxes	(45,791)
less Fiscal Disp. Adj.	(61,995)
less Market Value Taxes	(14,990)
less Base Value Taxes	(16,997)
Annual Gross TIF	61,691

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	1,370,000
New Market Value - Est.	6,206,450
Difference	4,836,450
Present Value of Tax Increment	798,787
Difference	4,037,664
Value likely to occur without Tax Increment is less than:	4,037,664

401 E. Lake Street - No Inflation

City of Wayzata, MN

Office/Retail

TAX INCREMENT CASH FLOW

% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
							-	-	-	-				02/01/22
100%	61,690	(26,650)	(12,359)	22,680	98.532%	22,347	11,174	(40)	(1,113)	10,020	9,537	0.5	2022	08/01/22
							11,174	(40)	(1,113)	10,020	18,842	1	2022	02/01/23
100%	123,379	(26,650)	(34,119)	62,610	98.532%	61,691	30,845	(111)	(3,073)	27,661	43,901	1.5	2023	08/01/23
							30,845	(111)	(3,073)	27,661	68,349	2	2023	02/01/24
100%	123,379	(26,650)	(34,119)	62,610	98.532%	61,691	30,845	(111)	(3,073)	27,661	92,201	2.5	2024	08/01/24
							30,845	(111)	(3,073)	27,661	115,471	3	2024	02/01/25
100%	123,379	(26,650)	(34,119)	62,610	98.532%	61,691	30,845	(111)	(3,073)	27,661	138,174	3.5	2025	08/01/25
							30,845	(111)	(3,073)	27,661	160,323	4	2025	02/01/26
100%	123,379	(26,650)	(34,119)	62,610	98.532%	61,691	30,845	(111)	(3,073)	27,661	181,931	4.5	2026	08/01/26
							30,845	(111)	(3,073)	27,661	203,013	5	2026	02/01/27
100%	123,379	(26,650)	(34,119)	62,610	98.532%	61,691	30,845	(111)	(3,073)	27,661	223,580	5.5	2027	08/01/27
							30,845	(111)	(3,073)	27,661	243,646	6	2027	02/01/28
100%	123,379	(26,650)	(34,119)	62,610	98.532%	61,691	30,845	(111)	(3,073)	27,661	263,222	6.5	2028	08/01/28
							30,845	(111)	(3,073)	27,661	282,321	7	2028	02/01/29
100%	123,379	(26,650)	(34,119)	62,610	98.532%	61,691	30,845	(111)	(3,073)	27,661	300,954	7.5	2029	08/01/29
							30,845	(111)	(3,073)	27,661	319,133	8	2029	02/01/30
100%	123,379	(26,650)	(34,119)	62,610	98.532%	61,691	30,845	(111)	(3,073)	27,661	336,868	8.5	2030	08/01/30
							30,845	(111)	(3,073)	27,661	354,171	9	2030	02/01/31
100%	123,379	(26,650)	(34,119)	62,610	98.532%	61,691	30,845	(111)	(3,073)	27,661	371,051	9.5	2031	08/01/31
							30,845	(111)	(3,073)	27,661	387,520	10	2031	02/01/32
100%	123,379	(26,650)	(34,119)	62,610	98.532%	61,691	30,845	(111)	(3,073)	27,661	403,587	10.5	2032	08/01/32
							30,845	(111)	(3,073)	27,661	419,263	11	2032	02/01/33
100%	123,379	(26,650)	(34,119)	62,610	98.532%	61,691	30,845	(111)	(3,073)	27,661	434,556	11.5	2033	08/01/33
							30,845	(111)	(3,073)	27,661	449,476	12	2033	02/01/34
100%	123,379	(26,650)	(34,119)	62,610	98.532%	61,691	30,845	(111)	(3,073)	27,661	464,032	12.5	2034	08/01/34
							30,845	(111)	(3,073)	27,661	478,233	13	2034	02/01/35
100%	123,379	(26,650)	(34,119)	62,610	98.532%	61,691	30,845	(111)	(3,073)	27,661	492,088	13.5	2035	08/01/35
							30,845	(111)	(3,073)	27,661	505,604	14	2035	02/01/36
100%	123,379	(26,650)	(34,119)	62,610	98.532%	61,691	30,845	(111)	(3,073)	27,661	518,792	14.5	2036	08/01/36
							30,845	(111)	(3,073)	27,661	531,657	15	2036	02/01/37
100%	123,379	(26,650)	(34,119)	62,610	98.532%	61,691	30,845	(111)	(3,073)	27,661	544,209	15.5	2037	08/01/37
							30,845	(111)	(3,073)	27,661	556,454	16	2037	02/01/38
100%	123,379	(26,650)	(34,119)	62,610	98.532%	61,691	30,845	(111)	(3,073)	27,661	568,401	16.5	2038	08/01/38
							30,845	(111)	(3,073)	27,661	580,057	17	2038	02/01/39
100%	123,379	(26,650)	(34,119)	62,610	98.532%	61,691	30,845	(111)	(3,073)	27,661	591,428	17.5	2039	08/01/39
							30,845	(111)	(3,073)	27,661	602,522	18	2039	02/01/40
100%	123,379	(26,650)	(34,119)	62,610	98.532%	61,691	30,845	(111)	(3,073)	27,661	613,345	18.5	2040	08/01/40
							30,845	(111)	(3,073)	27,661	623,904	19	2040	02/01/41
100%	123,379	(26,650)	(34,119)	62,610	98.532%	61,691	30,845	(111)	(3,073)	27,661	634,206	19.5	2041	08/01/41
							30,845	(111)	(3,073)	27,661	644,257	20	2041	02/01/42
100%	123,379	(26,650)	(34,119)	62,610	98.532%	61,691	30,845	(111)	(3,073)	27,661	654,062	20.5	2042	08/01/42
							30,845	(111)	(3,073)	27,661	663,628	21	2042	02/01/43
100%	123,379	(26,650)	(34,119)	62,610	98.532%	61,691	30,845	(111)	(3,073)	27,661	672,961	21.5	2043	08/01/43
							30,845	(111)	(3,073)	27,661	682,066	22	2043	02/01/44
100%	123,379	(26,650)	(34,119)	62,610	98.532%	61,691	30,845	(111)	(3,073)	27,661	690,949	22.5	2044	08/01/44
							30,845	(111)	(3,073)	27,661	699,616	23	2044	02/01/45
100%	123,379	(26,650)	(34,119)	62,610	98.532%	61,691	30,845	(111)	(3,073)	27,661	708,071	23.5	2045	08/01/45
							30,845	(111)	(3,073)	27,661	716,320	24	2045	02/01/46
Total							**1,441,233**	**(5,188)**	**(143,604)**	**1,292,440**				
		Present Value From 08/01/2021		**Present Value Rate**	**5.00%**		**798,787**	**(2,876)**	**(79,591)**	**716,320**				

PETERSSEN/KELLER
architecture

2919 JAMES AVENUE SOUTH
MINNEAPOLIS, MINNESOTA 55408
612.353.4920

LOTHENBACH FAMILY OFFICE

WAYZATA, MINNESOTA 55391

DESCRIPTION	DATE
PARKING STUDY	05.02.19
CLIENT MEETING	05.19.19
CLIENT MEETING	07.10.19
SD PRICING SET	07.11.19
CLIENT MEETING	07.30.19
PUD CONCEPT REVIEW	07.31.19
DD PRICING MEETING	08.26.19
PUD RESUBMITTAL	08.29.19
ENGINEERING MTG	11.19.19
VARIANCE SUBMITTAL	12.5.19

R-001

NOT FOR CONSTRUCTION

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VARIANCE SUBMITTAL	12.5.19

R-002

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ENGINEERING MTG	11.19.19
VARIANCE SUBMITTAL	12.5.19

R-003

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WAYZATA, MINNESOTA 55391

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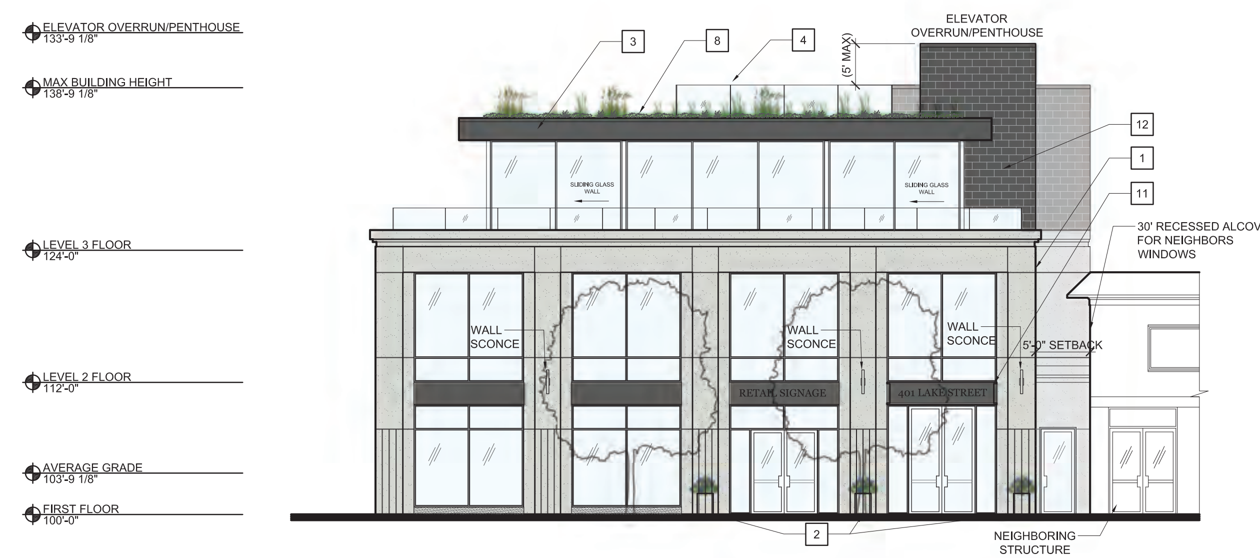
ENGINEERING MTG	11.19.19
VARIANCE SUBMITTAL	12.5.19

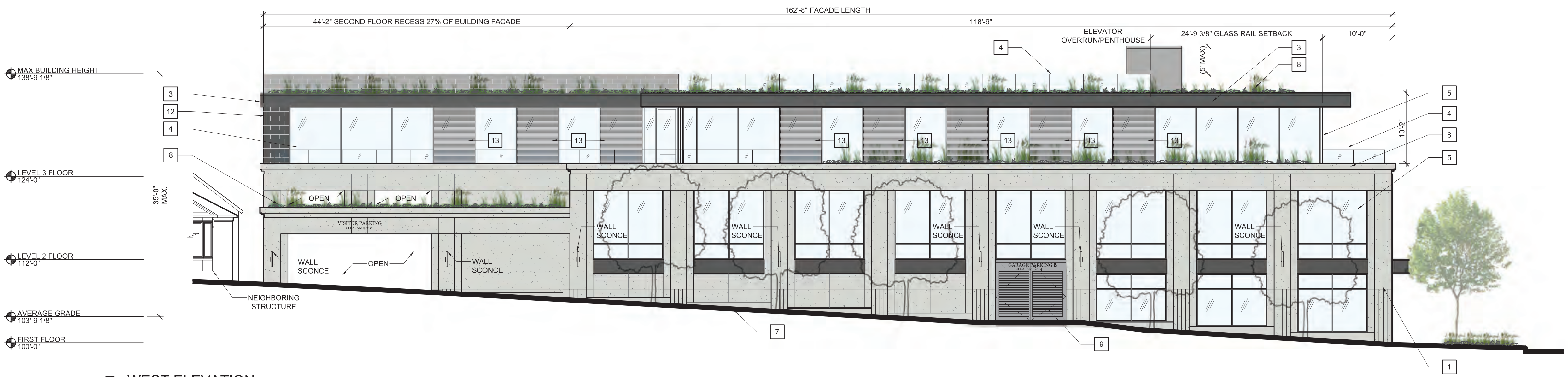
R-004

NOT FOR CONSTRUCTION

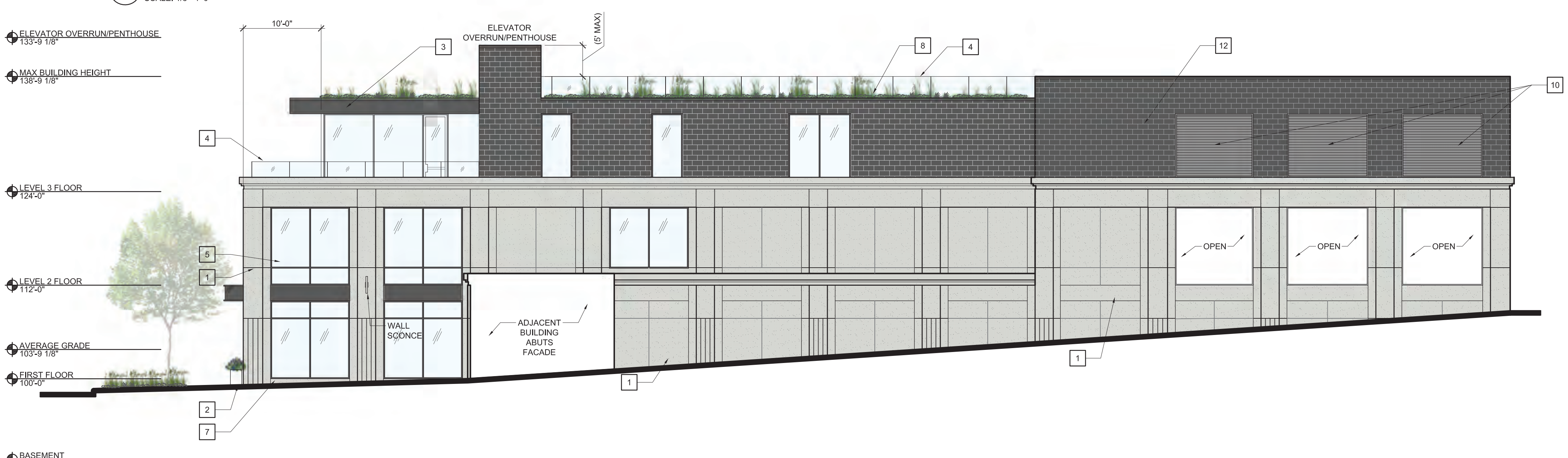
1 NORTH ELEVATION
SCALE: 1/8"=1'-0"



2 SOUTH ELEVATION
SCALE: 1/8"=1'-0"



3 WEST ELEVATION
SCALE: 1/8"=1'-0"



4 EAST ELEVATION
SCALE: 1/8"=1'-0"

MATERIAL KEY

1	STONE PANELS, BASE LAYER FEATURES STRIATIONS
2	SEASONAL PLANTERS
3	BLACK COMPOSITE FASCIA PANEL
4	CLEAR GLASS GUARDRAIL
5	DARK BRONZE STEEL CURTAINWALL SYSTEM
6	SLIDING GLASS WALL SYSTEM
7	STONE BUILDING CURB
8	GREEN ROOF BEYOND
9	LOUVERED SWINGING GARAGE DOOR
10	POSSIBLE BLACK METAL LOUVERED MECHANICAL SCREEN - CONFIG. T.B.D.
11	CANOPY AND BUILDING SIGNAGE (REMOVABLE AS REQUIRED)
12	STONE RAIN SCREEN CLADDING
13	SUN SHADE(GLASS BEHIND)

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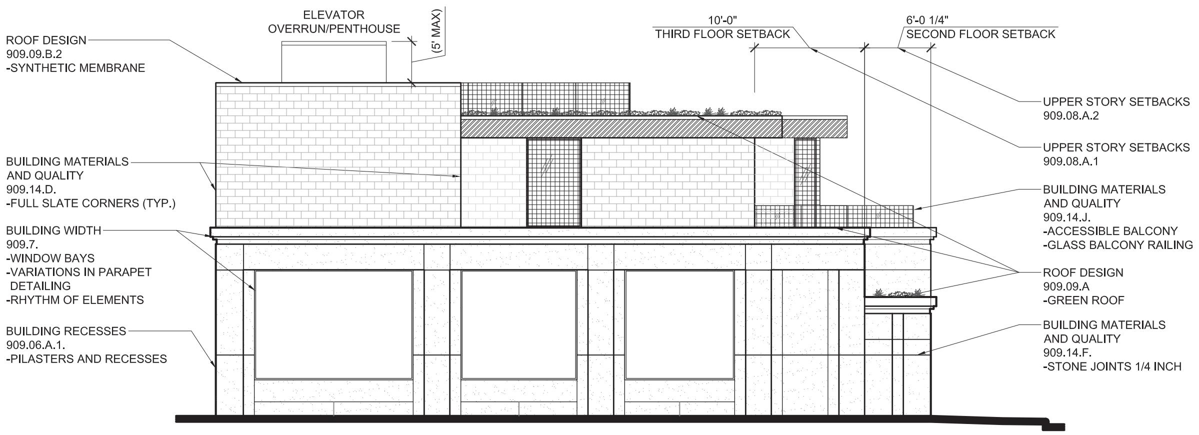
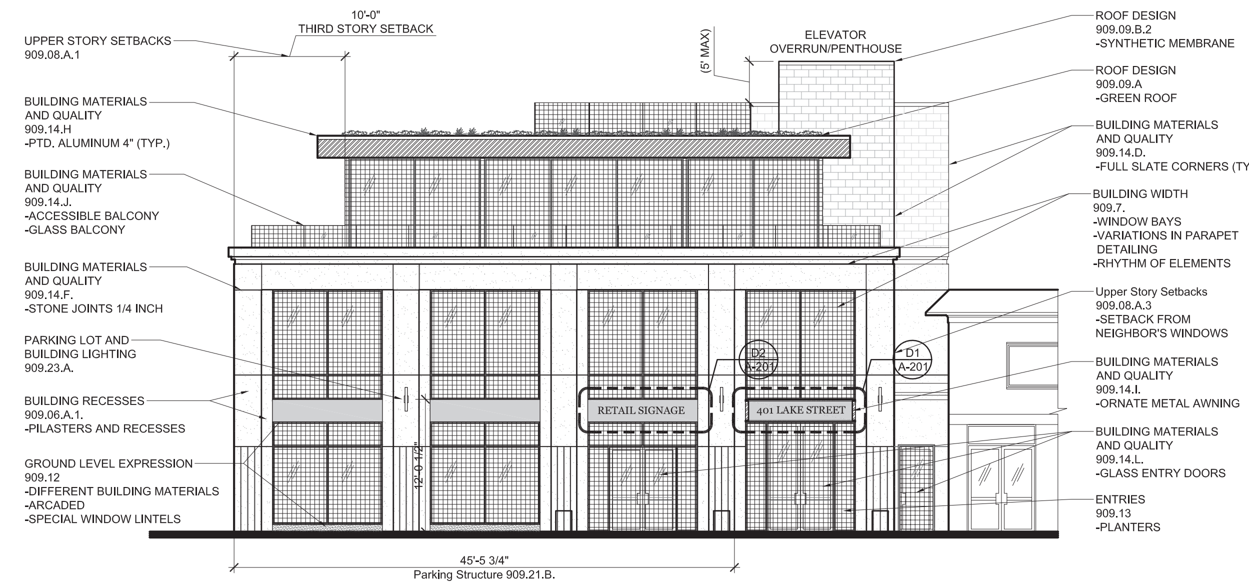
ENGINEERING MTG	11.19.19
VARIANCE SUBMITTAL	12.5.19

A-200

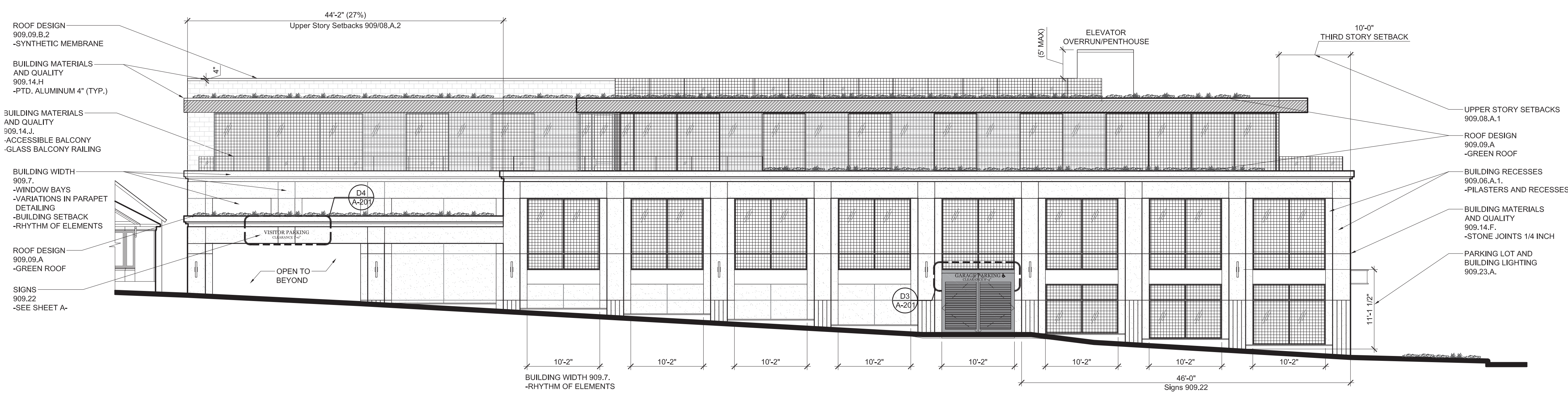
NOT FOR CONSTRUCTION



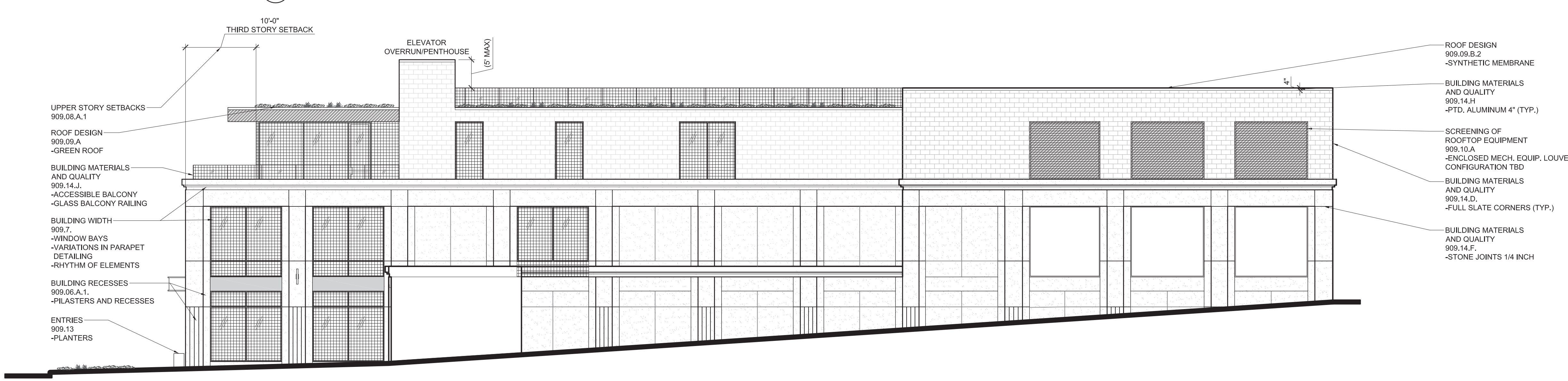
1 NORTH MATERIAL CALCULATION
SCALE: 1/8"=1'-0"



2 SOUTH MATERIAL CALCULATION
SCALE: 1/8"=1'-0"



3 WEST MATERIAL CALCULATION
SCALE: 1/8"=1'-0"



4 EAST MATERIAL CALCULATION
SCALE: 1/8"=1'-0"

SIGN TYPE LEGEND

D1 — 8" — 401 LAKE STREET
- CAST BRONZE LETTERS ON STANDOFFS
- BACKLIT
- GEORGIA FONT
- 1" LETTER DEPTH

10' MAX LENGTH

D2 — 8" — RETAIL SIGNAGE
- CAST BRONZE
- BUSINESS SPECIFIC FONT AND LETTERING
- 1" LETTER DEPTH

D3 — 6" — GARAGE PARKING ♿
4" — CLEARANCE 8'-4"
- CAST BRONZE LETTERING
- CAST BRONZE HANDICAP SYMBOL
- GEORGIA FONT
- 1" LETTER DEPTH

D4 — 6" — VISITOR PARKING
4" — CLEARANCE 7'-0"
- CAST BRONZE LETTERING
- CAST BRONZE HANDICAP SYMBOL
- GEORGIA FONT
- 1" LETTER DEPTH

MATERIAL KEY

GLASS AREA
-BROMBAL STEEL WINDOWS (909.14.K.)

ACCENT MATERIAL
-ALUCOBOND PLUS (909.14.G.)

NON-GLASS AREA
-VETTER STONE ALABAMA STONE SILVER SHADOW (909.14.A.)
-VETTER STONE ALABAMA STONE BAHAMA BLACK (909.14.A.)
-CUPACLAD SLATE 16x8 (909.14.A.)

MATERIAL CALCULATIONS

NORTH ELEVATION
TOTAL FACADE AREA = 1,458 SF
GLASS AREA = 130 SF
NON-GLASS AREA = 1,270 SF (909.14.B.)
ACCENT MATERIAL = 58 SF | 4.6% (909.14.G.)

EAST ELEVATION
TOTAL FACADE AREA = 5,089 SF
GLASS AREA = 1,038 SF
NON-GLASS AREA = 3,759 SF (909.14.B.)
ACCENT MATERIAL = 292 SF | 7.8% (909.14.G.)

SOUTH ELEVATION
TOTAL FACADE AREA = 2,411 SF
GLASS AREA = 1,251 SF | 51.9% (909.11.B.)
NON-GLASS AREA = 1060 SF (909.14.B.)
ACCENT MATERIAL = 100 SF | 9.4% (909.14.G.)

WEST ELEVATION
TOTAL FACADE AREA = 5,334 SF
GLASS AREA = 2,474 SF | 47% (909.11.B.)
NON-GLASS AREA = 2,860 SF (909.14.B.)
ACCENT MATERIAL = 262 SF | 9.2% (909.14.G.)

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LOTHENBACH FAMILY OFFICE
WAYZATA, MINNESOTA 55391

DESCRIPTION	DATE
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CLIENT MEETING	05.19.19
CLIENT MEETING	07.10.19
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CLIENT MEETING	07.30.19
PUD CONCEPT REVIEW	07.31.19
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PUD RESUBMITTAL	08.29.19
ENGINEERING MTG	11.19.19
VARIANCE SUBMITTAL	12.5.19

A-201

NOT FOR CONSTRUCTION

GENERAL NOTES

1. SEE SHEET L001 FOR GENERAL NOTES.
2. REFER TO ARCHITECTURAL DRAWINGS FOR BUILDING INFO.
3. ELECTRICAL CONTRACTOR, MECHANICAL CONTRACTOR, AND IRRIGATION CONTRACTOR TO COORDINATE WITH PAVING, CONCRETE, AND WALL CONTRACTORS ON SLEEVE LOCATIONS UNDER DRIVEWAYS, WALKS, AND WALLS.
4. REFER TO SHEET L010 FOR EXISTING CONDITIONS PLAN FOR BOUNDARY INFORMATION. ALL CONSTRUCTION STAKING MUST BE PERFORMED BY A REGISTERED LAND SURVEYOR
5. DO NOT SCALE THE DRAWINGS. WRITTEN DIMENSIONS ARE TO BE USED FOR ALL LAYOUT WORK.
6. THE CONTRACTOR SHALL IMMEDIATELY NOTIFY THE LANDSCAPE ARCHITECT OF ANY LAYOUT DISCREPANCIES.
7. ALL SITE ELEMENTS SHALL BE STAKED IN THE FIELD AND APPROVED BY LANDSCAPE ARCHITECT PRIOR TO CONSTRUCTION.
8. AUTOCAD FILE AVAILABLE TO CONTRACTOR UPON REQUEST FOR FIELD LAYOUT.

TRAVIS VAN LIERE STUDIO
LANDSCAPE ARCHITECTURE
211 1ST STREET NORTH, SUITE 350
MINNEAPOLIS, MN 55401
t 612 345 4275

LEGEND:

- DECID / CONIF / ORNA — EXISTING TREE TO BE SAVED
- DECID / CONIF / ORNA — PROPOSED NEW TREE
- DECID / CONIF — PROPOSED NEW SHRUB
- PERENNIAL / GRASS — PROPOSED NEW PERENNIAL
- EXISTING CONTOUR
- PROPOSED CONTOUR
- × 000.00 — EXISTING SPOT ELEVATION
- + 000.00 — PROPOSED SPOT ELEVATION
- DRAINAGE FLOW
- CB — PROPOSED CATCH BASIN
- PROPOSED DRAIN TILE
- P.E. — PROPOSED POP-UP EMITTER
- PROPOSED LIGHT FIXTURE
- PROPOSED BUILDING ENTRY

TREE INVENTORY

TREES

#	SPECIES	DBH	CLASS	STATUS
1	BOXELDER	20"	SIGNIFICANT	TO BE REMOVED
2	ASH	8"	NON-SIGNIFICANT	TO BE REMOVED
3	ELM	9"	NON-SIGNIFICANT	TO BE REMOVED
4	ELM	9"	NON-SIGNIFICANT	TO BE REMOVED
5	HACKBERRY	24"	SIGNIFICANT	TO BE REMOVED

TOTAL SIGNIFICANT TREE DBH BEING REMOVED	44"
ALLOWABLE REMOVAL (25% TOTAL DBH)	11"
REQUIRED TREE REPLACEMENT	33.00 caliper inches
TOTAL PROPOSED TREE REPLACEMENT	35.00 caliper inches

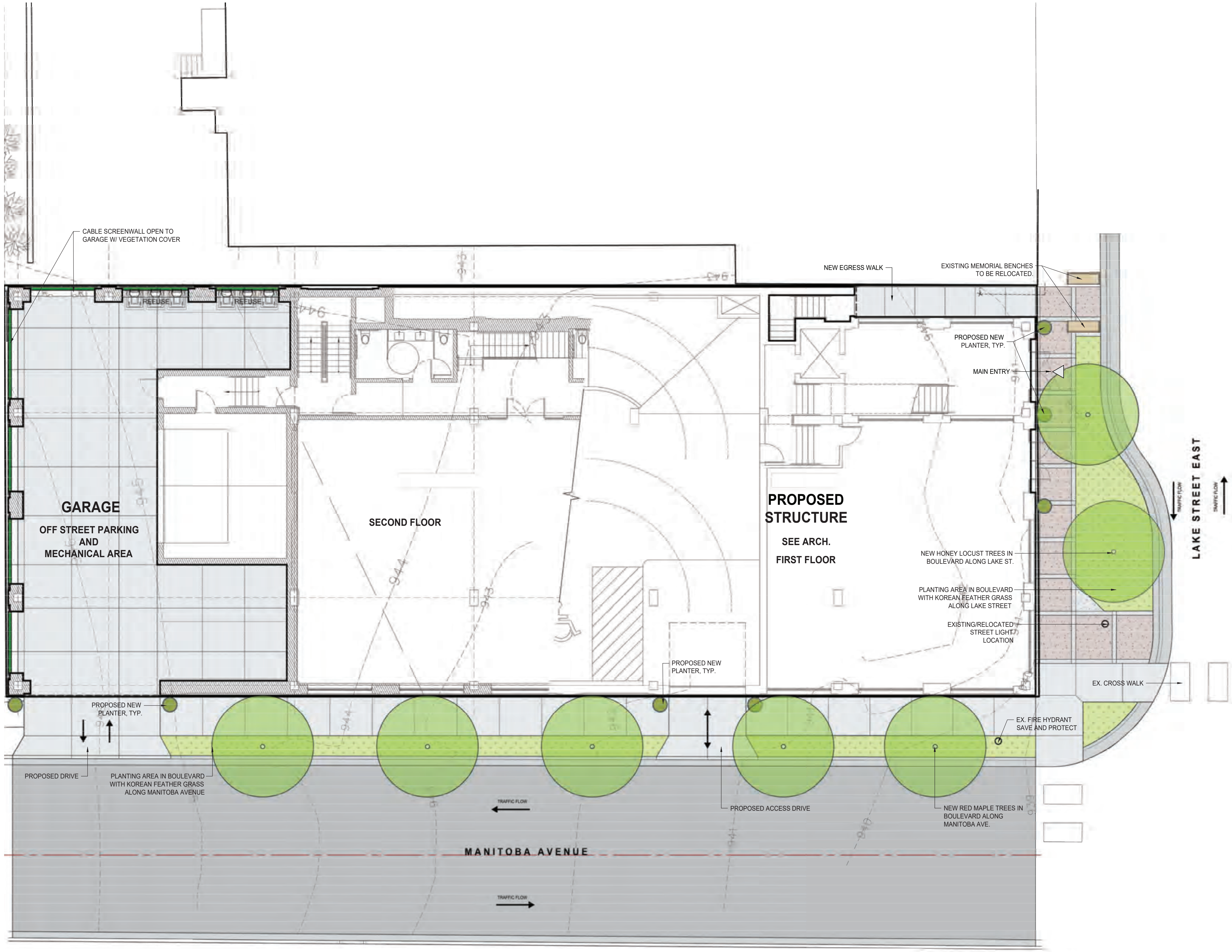
STREET LEVEL PLANT SCHEDULE

TREES

KEY	NAME	QTY	SIZE
AR	Acer rurum RED MAPLE (Boulevard along Manitoba Ave.)	5 EA.	5" CAL. B+B
GT	Gleditsia triacanthos var. inermis 'Skycole' SKYLINE HONEYLOCUST (Boulevard along Lake St.)	2 EA.	5" CAL. B+B

PERENNIALS

KEY	NAME	QTY	SIZE
PT	Parthenocissus tricuspidata 'Robusta' BOSTON IVY (Cable screen-wall @ parking)	20 EA.	#1 POT



1 LANDSCAPE PLAN - STREET LEVEL

0 4' 8' 16'
SCALE: 1 inch = 8 feet

401 LAKE STREET EAST OFFICE DEVELOPMENT

401 LAKE STREET EAST, WAYZATA, MN 55391

I hereby certify that this plan, specification, or report was prepared by me or under my direct supervision and that I am a duly Licensed Landscape Architect under the laws of the State of Minnesota.

TRAVIS VAN LIERE
license no: 43728
date: 1/23/2018

NOTE:

NOT FOR CONSTRUCTION

Rev #	Description	Date
	VARIANCE SUBMITTAL	12.5.19

Drawing:
LANDSCAPE PLAN - STREET LEVEL

Drawn By: BW
Date: 12/5/2019
Scale: 1" = 8'

Sheet: L101

creation date: 12/5/2019
filepath: /Volumes/TVL_Studio/PROJECTS/LOTHENBACH OFFICE BUILDING/2. DWG/1. DRAWINGS/1. PERMIT-SET/L101.dwg
last saved: travis December 5, 2019 1:49 PM

City of Wayzata
Housing and Redevelopment Authority
Agenda Report

MEETING DATE: April 21, 2020	**AGENDA ITEM:** 6.f
TITLE: Consider Adoption of Resolution 01-2020 Authorizing Execution of Tax Increment Pledge Agreement between the City and HRA for $3,710,000 General Obligation Tax Increment Financing Bonds (TIF) Bonds, Series 2020A	
PROPOSED MOTION: To Adopt Resolution 01-2020 Attached Pledge Agreement between the City and HRA	
PREPARED BY: Jeff Dahl, City Manager, Executive Director	
REVIEWED BY: N/A	

ACTION REQUESTED:
Staff recommends adoption the attached resolution.

FINANCIAL OR BUDGET CONSIDERATION:
The City is issuing $3,710,000 in General Obligation Tax Increment Bonds, Series 2020A to finance public redevelopment costs related to Panoway on Wayzata Bay. $2,245,000 will be paid by TIF District 5 – Wayzata Bay Center and $1,465,000 will be paid by TIF District 6 – Downtown West, consistent with the main objectives of the establishment of these TIF districts. Please see the attached memo from Steve McDonald for greater financial context of the sources for the Panoway construction project.

BACKGROUND:

Since the HRA administers the TIF districts, they need to approve a Pledge Agreement with the City, by resolution, pledging funds from TIF 5 and 6 for payment on the Bonds. The HRA completed a similar action in November 2016, when the City issued General Obligation TIF Bonds to pay for the new public parking ramp on Mill Street.

A copy of the Pledge Agreement is attached in the packet as well as a memo from Stacie Kvilvang to the City Council regarding the use of the the Series 2020A TIF Bonds for the City Council's April 7, 2020 Meeting. Ms. Kvilvang will be attending the Zoom meeting to answer any questions.

ATTACHMENTS:
1. Wayzata HRA - Res approving Pledge Agreement 4839-5762-9626 v.1
2. Tax Increment Pledge Agreement Wazata TIF 2020-v2
3. Pre Sale Report 2020A
4. Project sources uses update to council 3-26-20

RESOLUTION NO. 01-2020
RESOLUTION AUTHORIZING EXECUTION
OF TAX INCREMENT PLEDGE AGREEMENT

A. WHEREAS, the City of Wayzata, Minnesota (the "City"), has determined to issue its General Obligation Tax Increment Financing Bonds, Series 2020A, in the approximate principal amount of $3,710,000 (the "Bonds"), pursuant to Minnesota Statutes Section 469.178 and Chapter 475, the proceeds of which will be used, together with other available funds, to finance the construction of various public improvements related to Panoway on Wayzata Bay within the Central Area Redevelopment District ("CARD") Project Area in the City (the "Project"); and

B. WHEREAS, on May 5, 2020, the City Council of the City proposes to adopt a resolution authorizing the issuance and awarding the sale of the Bonds; and

C. WHEREAS, a portion of Bonds will be payable with tax increments (the "TIF") realized by the Housing and Redevelopment Authority in and for the City (the "Authority") from Tax Increment District No. 5 – Wayzata Bay Center and Tax Increment District No. 6 – Downtown West (the "Districts"); and

D. WHEREAS, the Authority administers the Districts; and

E. WHEREAS, Minnesota Statutes, Section 469.178, Subdivision 2 requires that any pledge of tax increment for the payment of the principal of and interest on general obligation bonds issued under the aforementioned subdivision be made by written agreement by and between the Authority and the City and filed with the county auditor; and

F. WHEREAS, it is necessary and expedient that the Authority and the City enter into a Tax Increment Pledge Agreement securing the Bonds with TIF from the Districts; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Authority, as follows:

1. <u>Authorization to Execute</u>. The Tax Increment Pledge Agreement, a form of which agreement is now on file in the office of the Authority, is hereby approved in substantially the form submitted to the Authority and the Chair and Executive Director are authorized and directed to execute the same on behalf of the Authority.

2. <u>Filing</u>. The Executive Director is directed to file a fully executed copy of the Tax Increment Pledge Agreement with the Hennepin County Auditor pursuant to Minnesota Statutes, Section 469.178, Subdivision 2.

The motion for the adoption of the foregoing resolution was duly seconded by member _________________________ and, after full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted.

4839-5762-9626\1

TAX INCREMENT PLEDGE AGREEMENT

This Tax Increment Pledge Agreement (the "Agreement") dated as of May 28, 2020, is by and between the City of Wayzata, Minnesota (the "City"), and the Housing and Redevelopment Authority in and for the City of Wayzata, Minnesota (the "Authority"), and provides as follows:

WHEREAS, the City has determined to issue its General Obligation Tax Increment Financing Bonds, Series 2020A, in the principal amount of $3,710,000[1] (the "Bonds"), the proceeds of which will be used, together with other available funds, to finance the construction of various public improvements related to Panoway on Wayzata Bay within the Central Area Redevelopment District ("CARD") Project Area in the City (the "Project"); and

WHEREAS, the Bonds are to be payable primarily from tax increments realized by the Authority from Tax Increment District No. 5 – Wayzata Bay Center and Tax Increment District No. 6 – Downtown West (the "Districts").

NOW, THEREFORE, to provide funds sufficient for the timely payment of the principal and interest on the Bonds, the City and the Authority hereby agree as follows:

1. In order to pay the principal of and interest on the Bonds when due, the Authority hereby pledges to the City, for deposit in the Bond Fund established by the resolution of the City dated May 5, 2020 (the "Bond Resolution"), for the payment of the Bonds, Available Tax Increments (hereinafter defined) in amounts sufficient, with other funds actually appropriated by the City to the Bond Fund, to pay the principal and interest that are due pursuant to the Bond Resolution on the dates determined by the City and, if and to the extent that the Available Tax Increments are ever insufficient for such purposes, and the City advances City funds to provide prompt and full payment of the Bonds, the Authority agrees to reimburse the City for such advances from Available Tax Increments thereafter received by the Authority. As used in this Agreement, "Available Tax Increments" means tax increments derived by the Authority from the District, excluding such tax increments as have heretofore been pledged to the payment of other tax increment bonds or other eligible costs. In discharging its obligations under this Agreement, the Authority expressly reserves the right to select from year to year Available Tax Increments from the District and to pledge or otherwise dedicate tax increments from the District to purposes other than the payment of the Bonds upon a finding by the Authority that the estimated Available Tax Increments then remaining will be sufficient from year to year to discharge the Authority's payment obligations on the Bonds pursuant to this Agreement.

2. An executed copy of this Agreement shall be filed with the County Auditor of Hennepin County as required by Minnesota Statutes, Section 469.178, Subdivision 2.

3. This Agreement shall become effective upon the actual issuance and delivery of the Bonds.

[1] Preliminary, subject to change.

IN WITNESS WHEREOF, the City and the Authority have caused this Agreement to be duly approved and executed as of the day and year first above written.

CITY OF WAYZATA, MINNESOTA

By__________________________________
Mayor

Attest:______________________________
City Manager

HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF WAYZATA, MINNESOTA

By__________________________________
Chair

And_________________________________
Executive Director

CERTIFICATE OF HENNEPIN COUNTY AUDITOR
AS TO REGISTRATION OF TAX INCREMENT PLEDGE AGREEMENT

The undersigned, being the duly qualified and acting County Auditor of the County of Hennepin, Minnesota, hereby certifies that, pursuant to Minnesota Statutes, Section 469.178, subdivision 2, there has been filed in my office an executed copy of a Tax Increment Pledge Agreement, dated May 28, 2020, between the City of Wayzata, Minnesota and the Housing and Redevelopment Authority in and for the City of Wayzata, Minnesota, relating to the pledge of tax increments from Tax Increment District No. 5 – Wayzata Bay Center and Tax Increment District No. 6 – Downtown West of the City to the debt service on the City's General Obligation Tax Increment Financing Bonds, Series 2020, dated May 28, 2020.

WITNESS my hand this ___ day of _______, 2020.

____
County Auditor

(SEAL)

4827-8741-8554\2

April 7, 2020

Pre-Sale Report for

City of Wayzata, Minnesota

$3,710,000 General Obligation Tax Increment Bonds, Series 2020A

Prepared by:

Stacie Kvilvang, CIPMA
Senior Municipal Advisor

Jason Aarsvold, CIPMA
Senior Municipal Advisor

Keith Dahl
Financial Specialist

Executive Summary of Proposed Debt

Proposed Issue:	$3,710,000 General Obligation Tax Increment Bonds, Series 2020A
Purposes:	The proposed issue includes financing for various improvements related to Panoway on Wayzata Bay. • TIF 5 Pooling ($2,245,000). Debt service will be paid from tax increment revenues. • TIF 6 ($1,095,000). Debt service will be paid from tax increment revenues. • TIF 6 Pooling ($354,000). Debt service will be paid from tax increment revenues.
Authority:	The Bonds are being issued pursuant to Minnesota Statutes, Chapters: • 469 • 475 Because the City paying for at least 20% of the project costs with TIF from District No. 5 and No. 6, the Bonds can be a general obligation without a referendum and will not count against the City's debt limit. The Bonds will be general obligations of the City for which its full faith, credit and taxing powers are pledged.
Term/Call Feature:	The Bonds are being issued for a term of 20 years (the TIF 6 portion of the bonds is being issued for a 10-year term). Principal on the Bonds will be due on February 1 in the years 2022 through 2040. Interest is payable every six months beginning February 1, 2021. The Bonds will be subject to prepayment at the discretion of the City on February 1, 2029 or any date thereafter.
Bank Qualification:	Because the City is expecting to issue no more than $10,000,000 in tax exempt debt during the calendar year, the City will be able to designate the Bonds as "bank qualified" obligations. Bank qualified status broadens the market for the Bonds, which can result in lower interest rates.
Rating:	The City's most recent bond issues were rated by Standard & Poor's. The current ratings on those bonds are AAA. The City will request a new rating for the Bonds.
Basis for Recommendation:	Based on our knowledge of your situation, your objectives communicated to us, our advisory relationship as well as characteristics

	of various municipal financing options, we are recommending the issuance of general obligation bonds as a suitable financing option for the following reasons: - This is a viable option available to finance this type of project under State law - This is the most overall cost-effective option that still maintains future flexibility for the repayment of debt
Method of Sale/Placement:	We will solicit competitive bids for the purchase of the Bonds from underwriters and banks. We will include an allowance for discount bidding in the terms of the issue. The discount is treated as an interest item and provides the underwriter with all or a portion of their compensation in the transaction. If the Bonds are purchased at a price greater than the minimum bid amount (maximum discount), the unused allowance may be used to reduce your borrowing amount.
Premium Pricing:	In some cases, investors in municipal bonds prefer “premium” pricing structures. A premium is achieved when the coupon for any maturity (the interest rate paid by the issuer) exceeds the yield to the investor, resulting in a price paid that is greater than the face value of the bonds. The sum of the amounts paid in excess of face value is considered “reoffering premium.” The underwriter of the bonds will retain a portion of this reoffering premium as their compensation (or “discount”) but will pay the remainder of the premium to the City. The amount of the premium varies, but it is not uncommon to see premiums for new issues in the range of 2.00% to 10.00% of the face amount of the issue. This means that an issuer with a $2,000,000 offering may receive bids that result in proceeds of $2,040,000 to $2,200,000. For this issue of Bonds, we have been directed to use the net premium to reduce the size of the issue. The resulting adjustments may slightly change the true interest cost of the issue, either up or down. The amount of premium can be restricted in the bid specifications. Restrictions on premium may result in fewer bids but may also eliminate large adjustments on the day of sale and unintended impacts with respect to debt service payment. Ehlers will identify appropriate premium restrictions for the Bonds intended to achieve the City’s objectives for this financing.
Review of Existing Debt:	We have reviewed all outstanding indebtedness for the City and find that there are no refunding opportunities at this time. However, the City will likely have the ability to refinance the 2010A (GO Improvement) and 2011A (Liquor Revenue) bonds this fall, when they become current refundings (within 90 days call date of December 1).

	We will continue to monitor the market and the call dates for the City's outstanding debt and will alert you to any future refunding opportunities.
Continuing Disclosure:	Because the City has more than $10,000,000 in outstanding debt (including this issue) and this issue is over $1,000,000, the City will be agreeing to provide certain updated Annual Financial Information and its Audited Financial Statement annually, as well as providing notices of the occurrence of certain reportable events to the Municipal Securities Rulemaking Board (the "MSRB"), as required by rules of the Securities and Exchange Commission (SEC). The City is already obligated to provide such reports for its existing bonds and has contracted with Ehlers to prepare and file the reports.
Arbitrage Monitoring:	Because the Bonds tax-exempt obligations, the City must ensure compliance with certain Internal Revenue Service (IRS) rules throughout the life of the issue. These rules apply to all gross proceeds of the issue, including initial bond proceeds and investment earnings in construction, escrow, debt service, and any reserve funds. How issuers spend bond proceeds and how they track interest earnings on funds (arbitrage/yield restriction compliance) are common subjects of IRS inquiries. Your specific responsibilities will be defined in the Signature, No-Litigation, Arbitrage Certificate and Purchase Price Receipt prepared by your Bond Attorney and provided at closing. You have retained Ehlers to assist you in complying with these rules.
Investment of Bond Proceeds:	To maximize interest earnings, we recommend using an SEC registered investment advisor to assist with the investment of bond proceeds until they are needed to pay project costs. Ehlers is a registered investment advisor and can assist the City in developing an appropriate investment strategy if needed.
Risk Factors:	If tax increment revenues from the TIF Districts is not adequate to cover debt service, the City will need to levy taxes to make up the shortfall.
Other Service Providers:	This debt issuance will require the engagement of other public finance service providers. This section identifies those other service providers, so Ehlers can coordinate their engagement on your behalf. Where you have previously used a particular firm to provide a service, we have assumed that you will continue that relationship. For services you have not previously required, we have identified a service provider. Fees charged by these service providers will be paid from proceeds of the obligation, unless you notify us that you wish to pay them from other sources. Our pre-sale bond sizing includes a good faith estimate of these fees, but the final fees may vary. If you have any questions pertaining to

	the identified service providers or their role, or if you would like to use a different service provider for any of the listed services please contact us. **Bond Counsel:** Dorsey & Whitney LLP **Paying Agent:** Bond Trust Services Corporation **Rating Agency:** Standard & Poor's Global Ratings (S&P)
Summary:	The decisions to be made by the City Council are as follows: • Accept or modify the finance assumptions described in this report • Adopt the resolution attached to this report.

This presale report summarizes our understanding of the City's objectives for the structure and terms of this financing as of this date. As additional facts become known or capital markets conditions change, we may need to modify the structure and/or terms of this financing to achieve results consistent with the City's objectives.

Proposed Debt Issuance Schedule

Pre-Sale Review by City Council and First reading of Ordinance to Issue Debt:	April 7, 2020
Due Diligence Call to review Official Statement:	Week of April 20, 2020
Second Reading of Ordinance to Issue Debt by City Council:	April 21, 2020
Distribute Official Statement:	April 23, 2020
Conference with Rating Agency:	Week of April 27th
Ordinance Published in Local Paper:	April 30, 2020
City Council Meeting to Award Sale of the Bonds:	May 5, 2020
Estimated Closing Date:	May 26, 2020

Attachments

Estimated Sources and Uses of Funds

Estimated Proposed Debt Service Schedule

Resolution Authorizing Ehlers to Proceed With Bonds Sale

Ehlers Contacts

Municipal Advisors:	Stacie Kvilvang	(651) 697-8506
	Jason Aarsvold	(651) 697-8512
	Keith Dahl	(651) 697-8595
Disclosure Coordinator:	Rose Xiong	(651) 697-8589
Financial Analyst:	Alicia Gage	(651) 697-8551

The Preliminary Official Statement for this financing will be sent to the City Council at their home or email address for review prior to the sale date

Wayzata, Minnesota

$3,710,000 General Obligation TIF Bonds, Series 2020A
Issue Summary
Assumes Current Market BQ "AAA" Rates plus 25bps

Total Issue Sources And Uses

Dated 05/01/2020 | Delivered 05/01/2020

	TIF 5 Pooling	TIF 6	TIF 6 Pooling	Issue Summary
Sources Of Funds				
Par Amount of Bonds	$2,245,000.00	$1,100,000.00	$365,000.00	$3,710,000.00
Planned Issuer Equity contribution	925,000.00	-	-	925,000.00
Total Sources	**$3,170,000.00**	**$1,100,000.00**	**$365,000.00**	**$4,635,000.00**
Uses Of Funds				
Total Underwriter's Discount (1.200%)	26,940.00	13,200.00	4,380.00	44,520.00
Costs of Issuance	50,830.17	24,905.67	8,264.16	84,000.00
Deposit to Capitalized Interest (CIF) Fund	30,307.50	12,695.63	4,215.00	47,218.13
Deposit to Project Construction Fund	3,057,078.00	1,050,000.00	350,000.00	4,457,078.00
Deposit to Project Construction Fund	4,844.33	(801.30)	(1,859.16)	2,183.87
Total Uses	**$3,170,000.00**	**$1,100,000.00**	**$365,000.00**	**$4,635,000.00**

Wayzata, Minnesota

$3,710,000 General Obligation TIF Bonds, Series 2020A
Issue Summary
Assumes Current Market BQ "AAA" Rates plus 25bps

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
05/01/2020	-	-	-	-	-
02/01/2021	-	-	47,218.13	47,218.13	47,218.13
08/01/2021	-	-	31,478.75	31,478.75	-
02/01/2022	140,000.00	1.400%	31,478.75	171,478.75	202,957.50
08/01/2022	-	-	30,498.75	30,498.75	-
02/01/2023	250,000.00	1.450%	30,498.75	280,498.75	310,997.50
08/01/2023	-	-	28,686.25	28,686.25	-
02/01/2024	250,000.00	1.450%	28,686.25	278,686.25	307,372.50
08/01/2024	-	-	26,873.75	26,873.75	-
02/01/2025	250,000.00	1.450%	26,873.75	276,873.75	303,747.50
08/01/2025	-	-	25,061.25	25,061.25	-
02/01/2026	260,000.00	1.500%	25,061.25	285,061.25	310,122.50
08/01/2026	-	-	23,111.25	23,111.25	-
02/01/2027	260,000.00	1.550%	23,111.25	283,111.25	306,222.50
08/01/2027	-	-	21,096.25	21,096.25	-
02/01/2028	260,000.00	1.600%	21,096.25	281,096.25	302,192.50
08/01/2028	-	-	19,016.25	19,016.25	-
02/01/2029	275,000.00	1.600%	19,016.25	294,016.25	313,032.50
08/01/2029	-	-	16,816.25	16,816.25	-
02/01/2030	275,000.00	1.700%	16,816.25	291,816.25	308,632.50
08/01/2030	-	-	14,478.75	14,478.75	-
02/01/2031	285,000.00	1.650%	14,478.75	299,478.75	313,957.50
08/01/2031	-	-	12,127.50	12,127.50	-
02/01/2032	125,000.00	1.750%	12,127.50	137,127.50	149,255.00
08/01/2032	-	-	11,033.75	11,033.75	-
02/01/2033	125,000.00	1.850%	11,033.75	136,033.75	147,067.50
08/01/2033	-	-	9,877.50	9,877.50	-
02/01/2034	130,000.00	1.900%	9,877.50	139,877.50	149,755.00
08/01/2034	-	-	8,642.50	8,642.50	-
02/01/2035	130,000.00	1.950%	8,642.50	138,642.50	147,285.00
08/01/2035	-	-	7,375.00	7,375.00	-
02/01/2036	135,000.00	2.000%	7,375.00	142,375.00	149,750.00
08/01/2036	-	-	6,025.00	6,025.00	-
02/01/2037	135,000.00	2.050%	6,025.00	141,025.00	147,050.00
08/01/2037	-	-	4,641.25	4,641.25	-
02/01/2038	140,000.00	2.100%	4,641.25	144,641.25	149,282.50
08/01/2038	-	-	3,171.25	3,171.25	-
02/01/2039	140,000.00	2.200%	3,171.25	143,171.25	146,342.50
08/01/2039	-	-	1,631.25	1,631.25	-
02/01/2040	145,000.00	2.250%	1,631.25	146,631.25	148,262.50
Total	**$3,710,000.00**	**-**	**$650,503.13**	**$4,360,503.13**	**-**

Yield Statistics

Bond Year Dollars	$35,602.50
Average Life	9.596 Years
Average Coupon	1.8271277%
Net Interest Cost (NIC)	1.9521751%
True Interest Cost (TIC)	1.9561026%
Bond Yield for Arbitrage Purposes	1.8157929%
All Inclusive Cost (AIC)	2.2274343%

IRS Form 8038

Net Interest Cost	1.8271277%
Weighted Average Maturity	9.596 Years

Wayzata, Minnesota

$3,710,000 General Obligation TIF Bonds, Series 2020A
Issue Summary
Assumes Current Market BQ "AAA" Rates plus 25bps

Detail Costs Of Issuance

Dated 05/01/2020 | Delivered 05/01/2020

COSTS OF ISSUANCE DETAIL

Municipal Advisor	$57,000.00
Bond Counsel	$13,000.00
Rating Agency Fee	$13,000.00
Miscellaneous	$1,000.00
TOTAL	**$84,000.00**

Wayzata, Minnesota

$3,710,000 General Obligation TIF Bonds, Series 2020A
Issue Summary
Assumes Current Market BQ "AAA" Rates plus 25bps

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	CIF	Net New D/S	105% of Total
02/01/2021	-	-	47,218.13	47,218.13	(47,218.13)	-	-
02/01/2022	140,000.00	1.400%	62,957.50	202,957.50	-	202,957.50	213,105.38
02/01/2023	250,000.00	1.450%	60,997.50	310,997.50	-	310,997.50	326,547.38
02/01/2024	250,000.00	1.450%	57,372.50	307,372.50	-	307,372.50	322,741.13
02/01/2025	250,000.00	1.450%	53,747.50	303,747.50	-	303,747.50	318,934.88
02/01/2026	260,000.00	1.500%	50,122.50	310,122.50	-	310,122.50	325,628.63
02/01/2027	260,000.00	1.550%	46,222.50	306,222.50	-	306,222.50	321,533.63
02/01/2028	260,000.00	1.600%	42,192.50	302,192.50	-	302,192.50	317,302.13
02/01/2029	275,000.00	1.600%	38,032.50	313,032.50	-	313,032.50	328,684.13
02/01/2030	275,000.00	1.700%	33,632.50	308,632.50	-	308,632.50	324,064.13
02/01/2031	285,000.00	1.650%	28,957.50	313,957.50	-	313,957.50	329,655.38
02/01/2032	125,000.00	1.750%	24,255.00	149,255.00	-	149,255.00	156,717.75
02/01/2033	125,000.00	1.850%	22,067.50	147,067.50	-	147,067.50	154,420.88
02/01/2034	130,000.00	1.900%	19,755.00	149,755.00	-	149,755.00	157,242.75
02/01/2035	130,000.00	1.950%	17,285.00	147,285.00	-	147,285.00	154,649.25
02/01/2036	135,000.00	2.000%	14,750.00	149,750.00	-	149,750.00	157,237.50
02/01/2037	135,000.00	2.050%	12,050.00	147,050.00	-	147,050.00	154,402.50
02/01/2038	140,000.00	2.100%	9,282.50	149,282.50	-	149,282.50	156,746.63
02/01/2039	140,000.00	2.200%	6,342.50	146,342.50	-	146,342.50	153,659.63
02/01/2040	145,000.00	2.250%	3,262.50	148,262.50	-	148,262.50	155,675.63
Total	**$3,710,000.00**	**-**	**$650,503.13**	**$4,360,503.13**	**(47,218.13)**	**$4,313,285.00**	**$4,528,949.25**

Significant Dates

Dated	5/01/2020
First Coupon Date	2/01/2021

Yield Statistics

Bond Year Dollars	$35,602.50
Average Life	9.596 Years
Average Coupon	1.8271277%
Net Interest Cost (NIC)	1.9521751%
True Interest Cost (TIC)	1.9561026%
Bond Yield for Arbitrage Purposes	1.8157929%
All Inclusive Cost (AIC)	2.2274343%

ABDO EICK & MEYERS LLP
AEM Financial Solutions™

March 25, 2020

MEMORANDUM

To: Jeff Dahl, City Manager
From: Steve McDonald, City Contracted Finance Consultant

Re: Panoway financing review

Background

Upon your request and in consideration of COVID 19 issues, we have reviewed the CIP for Panoway and completed a basic risk assessment of the revenue sources. As noted in the comments field we believe most current sources of project financing are subject to limited risk due to either commitments from other agencies (Three rivers) or that we have current cash balances already allocated. The other large part of the project relates to TIF and Ehlers has indicated their original projections are still current considering COVID 19 and current market conditions. Future revenue sources beyond 2020 are a relatively small part of the budget but they are still considered of minimal risk of loss.

The following table and graph summarize our observations:

	5 year projected receipts 2020-2024	Subject to risk
Receipt source		
State Aid	1,810,000	Minimal based on prior commitments
Investment earnings	47,727	Currently using conservative estimate
Park Dedication	200,000	Moderate depending on development
Transfers - Excess funds	250,000	Minimal based on 2019 results
Transfers - loan payback	554,694	Minimal based on anticipated market values
TIF Bonding	3,531,365	Minimal based on Ehlers estimates
Enterprise Transfers	334,320	Minimal based on 2019 results
Current cash	4,105,515	None. Already allocated. Includes $925K TIF 5
Total receipts	10,833,622	
Expenses		
Project costs	10,036,890	Includes Phase I Const, RR Crossing, soft costs
Maintenance	418,363	estimate
Total expenses	10,455,253	
Net cash at 12/31/2024	378,370	

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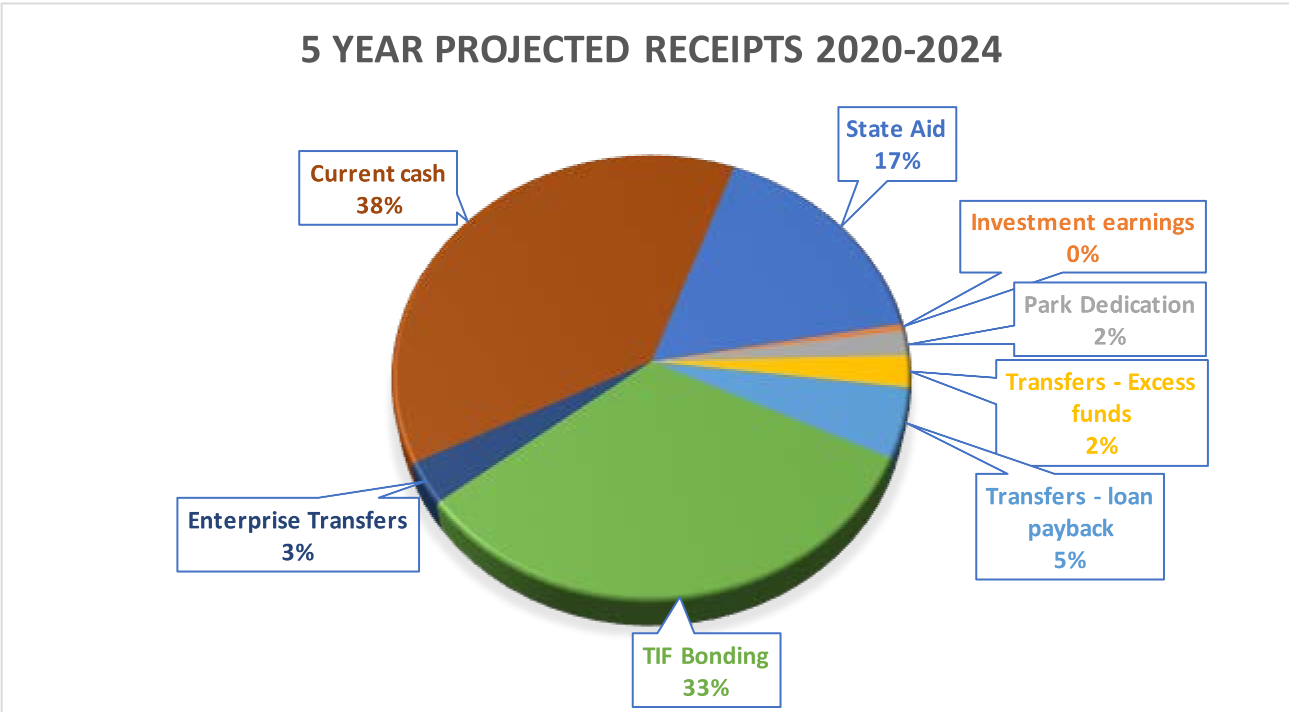
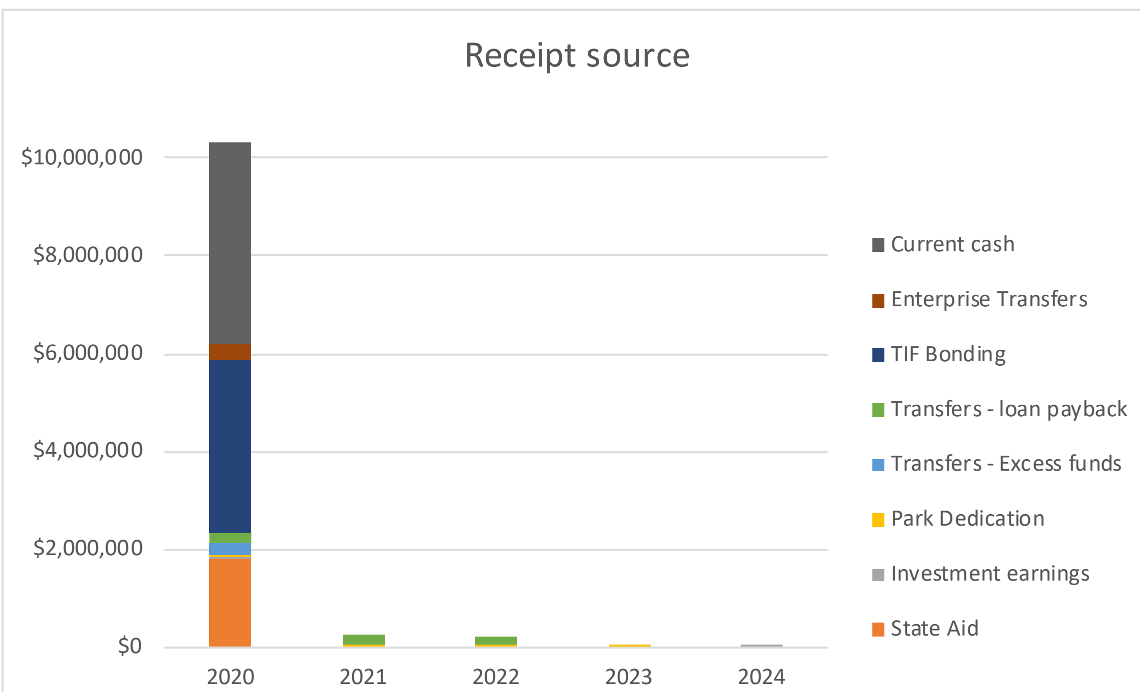
The distribution of revenue sources are shown with the graph below:



As mentioned above most of the revenue sources are expected to be received in 2020 and the amounts identified for future years are relatively minor.



We have also considered other sources of financing in case this current project plan is disrupted and I can say with a high degree of confidence that we could reallocate another CIP up to $1 million to cover a shortfall.

Please let me know how I can be of further assistance.

People + Process. Going Beyond the Numbers

City of Wayzata
Housing and Redevelopment Authority
Agenda Report

MEETING DATE: April 21, 2020	**AGENDA ITEM:** 6.g
TITLE: Discussion of Business Assistance Options related to the COVID-19 Pandemic	
PROPOSED MOTION: N/A	
PREPARED BY: Nick Kieser, Assistant Planner, Emily Goellner, Community Development Director	
REVIEWED BY: Jeff Dahl, City Manager, Executive Director	

ACTION REQUESTED:
Staff recommends discussion of options and consideration of waiving fees.

FINANCIAL OR BUDGET CONSIDERATION:
Any incentive program will likely have a significant cost that would come out of the City's general fund reserve.

BACKGROUND:
At its April 7th, 2020, the City Council briefly discussed options to help businesses in Wayzata get through the economic crisis related to COVID-19. Staff indicated that it would discuss options with the HRA and bring back a recommendation to the City Council at a subsequent meeting. As a result, staff has been researching what other cities are doing to assist businesses.

The Cities of Minneapolis, St. Paul, and Maple Grove have established programs for small businesses in response to COVID-19 disruptions. Many other city governments, including Edina, Richfield, Brooklyn Park, Minnetonka, and St. Louis Park are also establishing programs. Most of them are funded by their HRA or EDA tax levy funds. Assistance is generally focused on the smallest businesses in a community with little to no access to capital or businesses that do not qualify for state or federal assistance programs. Additionally, many cities have or will consider waiving or deferring payments for liquor licenses, health inspection licenses, and municipal water fees.

Staff has conducted calls to businesses in Wayzata to see how COVID-19 has affected their operations, if they have applied for any the State or Federal business assistance programs, and discussed how the City can help. Most of the businesses are closed entirely or have scaled down their operations significantly. Businesses have moved towards more online ordering or curbside pick up.

A majority of the businesses contacted have not researched or applied for any of the State or Federal assistance opportunities at this point. The online ordering or curbside pickup have allowed the businesses to still function without help. Other businesses have stated that their corporate offices are dealing with the programs offered, but they have not heard anything about the progress yet.

The businesses stated that direct financial help would be the most beneficial. This involves help with rent, utility bills, and/or payroll. They stated that help with these bills would help to keep more employees staffed and help by not having to make additional cuts in their operations.

Attached is a memo from City Attorney Schelzel providing background information on the three types of appropriate business assistance the City can provide outside of TIF.

Staff will be providing additional information at the meeting regarding this item.

ATTACHMENTS:

1. Council Memo - City Help for Business During COVID-19

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BEST & FLANAGAN

Memorandum

DATE:	April 14, 2020
TO:	Wayzata City Council
FROM:	City Attorney David Schelzel
REGARDING:	City Assistance to Local Businesses

This memo discusses the ways the City can support its local businesses that have been affected by COVID-19 and related stay-at-home orders. The three primary ways are: (1) General City Policies and Projects that foster a healthy economic climate; (2) Reductions and/or Waivers of City fees; and (3) Subsidies, Loans, and Grants made directly to individual businesses. Use of any of these support measures should be consistent with the City's larger plans and policies, its budget and financial plans, and its legal authority under City Code and state law.

Policies and Projects. The first way the City can help support its local businesses is through its existing policies, plans, and projects that help foster a positive business climate in Wayzata. Many of these things are already in place, fully funded, and/or moving forward as part of the City's approved budgets and plans. But they can be re-analyzed in light of the pandemic to identify ways they can have a more positive impact and/or less negative impacts, including how they are timed, administered, and implemented. Examples include the Panoway / Lake Effect Phase 1 project, where the City recently reviewed the timing and impacts of the project on Lake Street businesses. In general, the City has the most flexibility for these kinds of things, that are already approved, funded, and benefit the community as a whole.

Fee Reductions and Waivers. A second way the City can help support its local businesses is by reducing or waiving altogether the fees and charges that are paid by businesses when they apply for City approvals, licenses, permits, or use City services. These fees and charges represent real costs to the City that are covered by the fees, so any reduction should be carefully evaluated from a City budget perspective. But legally, the City generally has broad discretion to set, and thus reduce, these fees and use other funds to cover the City costs involved. Effectuating these changes would involve amending the City's fee schedule (by Council action) and/or City policies to reflect the reduction or waiver for the specific types of fees, and the duration, scope and effect of the reduction or waiver.

Subsidies, Loans, and Grants. A third way the City can help support its local businesses is by providing subsidies, loans, and grants to individual businesses. This is the most complicated of the options, as it involves establishing and administering a program of direct financial assistance to individual businesses, and the City needs to be mindful of the laws regarding the expenditure of public funds. In general, for a City to spend any public funds, there must be 1) a public purpose related to the health, safety, or welfare of the City, and 2) legal authority through state statute or the

City Charter for the expenditure. State law has established various programs available to cities, and to their Economic Development and Housing Redevelopment Authorities (HRAs and EDAs), including business subsidies and business loans.

Cities have authority under state law to offer “business subsidies” to local businesses, which are defined to include any grant, contribution of property or infrastructure, below market loans, tax or fee reductions or deferrals, or any preferential use of government facilities that are given to a business “in an amount greater than $150,000”. Cities providing these kinds of business subsidies need to follow statutory requirements for awarding and administering the subsidy, which include establishing eligibility criteria and terms, conducting public hearings, entering into agreements for the subsidy, and periodic filing with and reporting to the MN Department of Employment and Economic Development (DEED). *See* Minn. Stat. Sec. 116.J. et seq. Notably, the subsidies of less than $150,000 are not subject to all of these statutory requirements, but still must meet the general “public purpose” test and other considerations for any City expenditure.

Cities also have the authority to offer “financial assistance” in the form of a business loan of more than $25,000 or a guarantee of $75,000 or more, but less than $150,000 that constitutes a “business subsidy”. If a city offers such financial assistance it must develop criteria and set minimum wage floor levels as laid out in the statute. Cities granting such financial assistance must submit business assistance reports to the (DEED) within one year of granting the assistance. *Id.*

City EDAs, once established, are well-positioned to provide businesses assistance, due to their flexibility to provide for economic development. EDAs can defer payments on existing loans or develop a new loan or assistance program for new and existing businesses.

Finally, cities have the statutory authority to donate up to $50,000 annually to “incorporated development societies”, like a chamber of commerce or community foundation. The funds donated must be used for “for promoting, advertising, improving, or developing the economic and agricultural resources of the city or town”. *See* Minn. Stat. Sec. 469.191.

Because of the financial and legal complexities of establishing and administering a subsidy, loan, or grant program, the City’s finance and legal teams should be involved in their consideration, development, and deployment.

City of Wayzata
Housing and Redevelopment Authority
Agenda Report

MEETING DATE: April 21, 2020	**AGENDA ITEM:** 6.h
TITLE: Development Updates	
PROPOSED MOTION: N/A	
PREPARED BY: Nick Kieser, Assistant Planner	
REVIEWED BY: Emily Goellner, Community Development Director, Jeff Dahl, City Manager, Executive Director	

ACTION REQUESTED:
N/A

FINANCIAL OR BUDGET CONSIDERATION:
N/A

BACKGROUND:
Staff will provide a verbal update of the following items:

- Pending Developments;
- Proposed Developments;
- Public Parking Lot at Barry and Lake Street;
- Panoway on Wayzata Bay Construction; and
- 2040 Comprehensive Plan.

ATTACHMENTS:
None